

# **Corporate Social Responsibility**

## **Annual Report 2017**



**Voltronic Power Technology Corp.**

# **Voltronic Power 2017 Annual Corporate Social Responsibility Report**

## **ABOUT THIS REPORT**

### **REPORT SCOPE AND FREQUENCY**

From 2015, Voltronic Power Technology Corporation voluntarily began to annually issue corporate social responsibility report. The scope of these reports will contain the corporate social responsibility information of Taiwan headquarters, China Shenzhen export factory ( Voltronic Power Technology (Shen Zhen) Corp. ) , the China Shenzhen domestic factory ( Orchid Power (Shen Zhen) Manufacturing Company ) and since 2016, newly added the China Zhongshen export factory( Zhongshen Voltronic Power Electronic Limited ). These companies are generalized as "Voltronic Power" in this report, but for some items geographically referred to Taiwan headquarters as "Taiwan Region" and referred to Voltronic Power Technology (Shen Zhen) Corp. and Orchid Power (Shen Zhen) Manufacturing Company as "China Region". The reporting period of the corporate social responsibility information disclosure in this report is from January 1 to December 31, 2017. The reporting period of the corporate social responsibility information disclosure in last two years reports are from January 1 to December 31, 2015 and from January 1 to December 31, 2016.

### **REPORTING GUIDELINES**

The reporting principles and standard disclosures of 2015 and 2016 reports are in accordance with the G4 (Fourth Generation) Sustainability Reporting Guidelines published by the Global Reporting Initiative(GRI),and the standard disclosures of this report are in accordance with "Core Option", and additionally, some disclosures are reference to "BLOOMBERG ESG SURVEY Disclosure Score ". The reporting principles and standard disclosures of 2017 report are in accordance with the GRI ( Global Reporting Initiative ) Standards 2016 published by the Global Sustainability Standards Board ( GSSB ),and the standard disclosures of this report are in accordance with "Core Option", and additionally, some disclosures are reference to "BLOOMBERG ESG SURVEY Disclosure Score ".

### **PRESENTATION OF DATA**

In this report, ratios or normalized data are useful and appropriate formats for data presentation, and if necessary, absolute data should also be provided and

explanatory notes are advisable.

### **DATA AGGREGATION AND DISAGGREGATION**

The data aggregation and disaggregation of this report, in principle, information reported on an aggregated basis as "Voltronic Power", but some information reported on a disaggregated basis by "Taiwan Region" and "China Region", and if necessary, some "China Region" information reported on a disaggregated basis by "Voltronic Power Technology (Shen Zhen) Corp. ", "Orchid Power (Shen Zhen) Manufacturing Company " and " Zhongshen Voltronic Power Electronic Limited. ".

### **METRICS**

Reported data should be presented using generally accepted international metrics (such as kilograms, tones, liters) and calculated using standard conversion factors. When specific international conventions exist (such as GHG equivalents), calculated using the equivalents of the specific international conventions.

### **MEDIUM OF REPORTING**

The report is written in traditional Chinese and in English, and deliberates the provisions of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies", voluntarily disclose the corporate social responsibility report and the link to the file of that report posted on the company's website on the internet information reporting system (Market Observation Post System) designated by TWSE (Taiwan Stock Exchange Corporation) by June 30.

The medium of reporting according to the principles of environmental protection, web-based reporting in [www.voltronicpower.com](http://www.voltronicpower.com) "Company Information".

# **GRI 101 : FOUNDATION**

## **1. Reporting Principles**

### **Principles for defining report content**

#### **Stakeholder Inclusiveness**

1.1 The reporting organization shall identify its stakeholders, and explain how it has responded to their reasonable expectations and interests.

#### **Sustainability Context**

1.2 The report shall present the reporting organization's performance in the wider context of sustainability.

#### **Materiality**

1.3 The report shall cover topics that:

1.3.1 reflect the reporting organization's significant economic, environmental, and social impacts; or

1.3.2 substantively influence the assessments and decisions of stakeholders.

#### **Completeness**

1.4 The report shall include coverage of material topics and their Boundaries, sufficient to reflect significant economic, environmental, and social impacts, and to enable stakeholders to assess the reporting organization's performance in the reporting period.

### **Principles for defining report quality**

#### **Accuracy**

1.5 The reported information shall be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.

#### **Balance**

1.6 The reported information shall reflect positive and negative aspects of the reporting organization's performance to enable a reasoned assessment of overall performance.

#### **Clarity**

1.7 The reporting organization shall make information available in a manner that is understandable and accessible to stakeholders using that information.

#### **Comparability**

1.8 The reporting organization shall select, compile, and report information consistently. The reported information shall be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and that could support analysis relative to other organizations.

### Reliability

1.9 The reporting organization shall gather, record, compile, analyze, and report information and processes used in the preparation of the report in a way that they can be subject to examination, and that establishes the quality and materiality of the information.

### Timeliness

1.10 The reporting organization shall report on a regular schedule so that information is available in time for stakeholders to make informed decisions.

## **2. Using the GRI Standards for sustainability reporting**

### Applying the Reporting Principles

2.1 The reporting organization shall apply all Reporting Principles from Section 1 to define report content and quality.

### Reporting general disclosures

2.2 The reporting organization shall report the required disclosures from *GRI 102: General Disclosures*.

### Identifying material topics and their Boundaries

2.3 The reporting organization shall identify its material topics using the Reporting Principles for defining report content.

2.3.1 The reporting organization should consult the GRI Sector Disclosures that relate to its sector, if available, to assist with identifying its material topics.

2.4 The reporting organization shall identify the Boundary for each material topic.

### Reporting on material topics

2.5 Reporting on material topics :

2.5.1 shall report the management approach disclosures for that topic, using *GRI 103: Management Approach*; and either:

2.5.2 shall report the topic-specific disclosures in the corresponding GRI Standard, if the material topic is covered by an existing GRI Standard (series 200, 300, and 400); or

2.5.3 should report other appropriate disclosures, if the material topic is not covered by an existing GRI Standard.

The report reporting on material topics as 2.5.2.

### Presenting information

### Reporting required disclosures using references

2.6 If the reporting organization reports a required disclosure using a reference to another source where the information is located, the organization shall ensure:

2.6.1 the reference includes the specific location of the required disclosure;

2.6.2 the referenced information is publicly available and readily accessible.

## Compiling and presenting information in the report

**2.7** When preparing a sustainability report, the reporting organization should :

- 2.7.1** present information for the current reporting period and at least two previous periods, as well as future short and medium-term targets if they have been established ;
- 2.7.2** compile and report information using generally accepted international metrics (such as kilograms or liters) and standard conversion factors, and explain the basis of measurement/calculation where not otherwise apparent ;
- 2.7.3** provide absolute data and explanatory notes when using ratios or normalized data ;
- 2.7.4** define a consistent reporting period for issuing a report.

## **3. Making claims related to the use of the GRI Standards**

Claims that a report has been prepared in accordance with the GRI Standards

**3.1** To claim that a sustainability report has been prepared in accordance with the GRI Standards, the reporting organization shall meet all criteria for the respective option (Core or Comprehensive) from Table 1 :

The report meets all criteria for core option.

| Table 1 Criteria to claim a report has been prepared in accordance with the GRI Standards                              |  |
|--|--|
| Required criteria  | Core option  |
| <i>Use the correct claim (statement of use) in any published materials with disclosures based on the GRI Standards</i> | <b>Include the following statement: ‘This report has been prepared in accordance with the GRI Standards: Core option’</b>  |
| <i>Use GRI 101: Foundation to follow the basic process for preparing a sustainability report</i>                       | <b>Comply with all requirements in Section 2 of GRI 101: Foundation (‘Using the GRI Standards for sustainability reporting’)</b>   |
| <i>Use GRI 102: General Disclosures to report contextual information about the organization</i>                        | <b>Comply with all reporting requirements for the following disclosures from GRI 102: General Disclosures:</b><br><b>Disclosures 102-1 to 102-13 (Organizational profile)</b><br><b>Disclosure 102-14 (Strategy)</b><br><b>Disclosure 102-16 (Ethics and integrity)</b><br><b>Disclosure 102-18 (Governance)</b><br><b>Disclosures 102-40 to 102-44 (Stakeholder engagement)</b><br><b>Disclosures 102-45 to 102-56 (Reporting practice)</b> |



|   |  |
|---|--|
| <i>Use GRI 103:Management Approach to report the management approach and the topic Boundary for all material topics</i> | For each material topic, comply with all reporting requirements from <i>GRI 103: Management Approach</i><br><i>Reasons for omission are only permitted for Disclosures 103-2 and 103-3</i>   |
| <i>Use the topic-specific GRI Standards (series 200, 300, 400) to report on material topics</i>                         | For each material topic covered by a topic-specific GRI Standard:<br>•comply with all reporting requirements in the ‘Management approach disclosures’ section<br>•comply with all reporting requirements for at least one topic-specific disclosure<br>For each material topic not covered by a GRI Standard, it is recommended to report other appropriate disclosures for that topic<br><i>Reasons for omission are permitted for all topic-specific disclosures</i> |
| <i>Ensure that reasons for omission are used correctly, if applicable</i>   | Comply with all requirements in clause 3.2 (Reasons for omission)  |
| <i>Notify GRI of the use of the Standards</i>   | Comply with all requirements in clause 3.4 (Notifying GRI of the use of the Standards)   |

### Reasons for omission

3.2 If, in exceptional cases, an organization preparing a sustainability report in accordance with the GRI Standards cannot report a required disclosure, the organization shall provide in the report a reason for omission that :

3.2.1 describes the specific information that has been omitted; and

3.2.2 specifies one of the following reasons for omission from Table 2, including the required explanation for that reason.

| <b>Table 2 Reasons for omission</b> |  |
|-------------------------------------|--|
| <b>Reason for omission</b>          | <b>Required explanation in the sustainability report</b>   |
| <b>Not applicable</b>               | Specify the reason(s) why the disclosure is considered to be not applicable.   |
| <b>Confidentiality constraints</b>  | Describe the specific confidentiality constraints prohibiting the disclosure.  |
| <b>Specific legal prohibitions</b>  | Describe the specific legal prohibitions.  |
| <b>Information unavailable</b>      | Describe the specific steps being taken to obtain the information and the expected timeframe for doing so.<br>If the reason for omission is due to the fact that the necessary information cannot be obtained, or is not of adequate quality to report (as may sometimes be the case when the Boundary for a material topic extends beyond the reporting |

|  |  |
|--|--|
|  | organization), explain this situation. |
|--|--|

### Using selected Standards with a GRI-referenced claim

**3.3** If the reporting organization uses selected GRI Standards, or parts of their content, to report specific information, but has not met the criteria to prepare a report in accordance with the GRI Standards (as per clause 3.1), the organization :

**3.3.1** shall include in any published material with disclosures based on the GRI Standards a statement that :

**3.3.1.1** contains the following text: ‘This material references [title and publication year of the Standard]’, for each Standard used;

**3.3.1.2** indicates which specific content from the Standard has been applied, if the Standard has not been used in full;

**3.3.2** shall comply with all reporting requirements that correspond to the disclosures reported;

**3.3.3** shall notify GRI of the use of the Standards, as per clause 3.4;

**3.3.4** should apply the Reporting Principles for defining report quality from Section 1;

**3.3.5** should report its management approach by applying *GRI 103: Management Approach* together with any topic-specific Standard (series 200, 300, or 400) used.

The report uses selected GRI Standards 2016 and meets the criteria in accordance with the GRI Standards to report all the information.

### Notifying GRI of the use of the Standards

**3.4** The reporting organization shall notify GRI of its use of the GRI Standards, and the claim it has made in the report or published material, by either:

**3.4.1** sending a copy to GRI at [standards@globalreporting.org](mailto:standards@globalreporting.org); or

**3.4.2** registering the report or published material at [www.globalreporting.org/standards](http://www.globalreporting.org/standards)

The report sending a copy to GRI at [standards@globalreporting.org](mailto:standards@globalreporting.org) to notify GRI of the use of the Standards



## **GRI 102 : GENERAL DISCLOSURES**

### **1. Organizational profile**

**102-1 Name of the organization :** The name of the organization is Voltronic Power Technology Corp.

**102-2 Activities, brands, products, and services**

a. A description of the organization's activities.

Voltronic Power's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, Voltronic Power offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (automatic voltage regulator), PV inverter.

I .UPS

( i )Off-line UPS: 400VA – 2000VA

( ii )On-line UPS: 1KVA – 210KVA

II .Inverter/AVR: 600VA – 10KVA

III . ACCESSORY:

( i )SNMP Card

( ii )MODBUS Card

(iii)PDU & MAINTENANCE Bypass Switch

IV.SOLAR Inverter: 1KVA – 10KVA

b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets : not applicable.

**102-3 Location of headquarters**

a. Location of the organization's headquarters : The location of Voltronic Power Technology Corp.'s headquarters is in Neihu Dist., Taipei, Taiwan.

**102-4 Location of operations**

a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.

The countries ( have significant operations and that are specifically relevant to the sustainability topics covered in the report ) where Voltronic Power Technology Corp. operates, including Taiwan headquarters, China Shenzhen export factory ( Voltronic Power Technology (Shen Zhen) Corp. ) , the China Shenzhen domestic factory ( Orchid Power (Shen Zhen) Manufacturing Company ) and the China

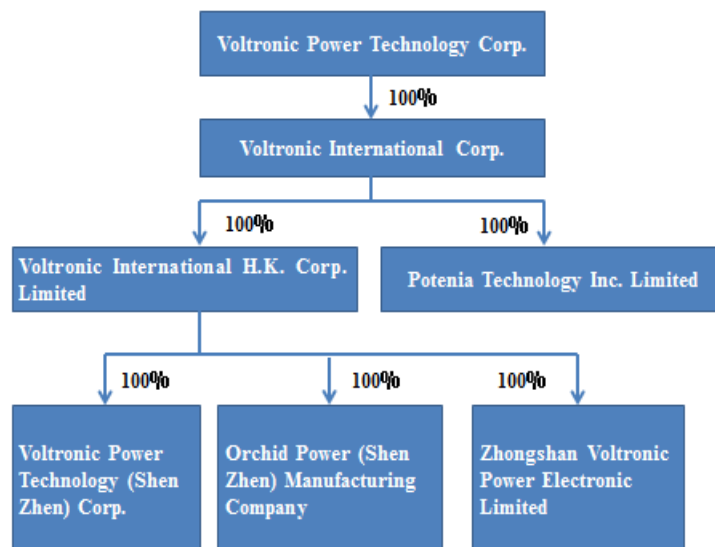
Zhongshen export factory ( Zhongshen Voltronic Power Electronic Limited ) . These companies are generalized as "Voltronic Power" in this report, but for some items geographically referred to Taiwan headquarters as "Taiwan Region" and referred to Voltronic Power Technology (Shen Zhen) Corp. , Orchid Power (Shen Zhen) Manufacturing Company and Zhongshen Voltronic Power Electronic Limited as "China Region".

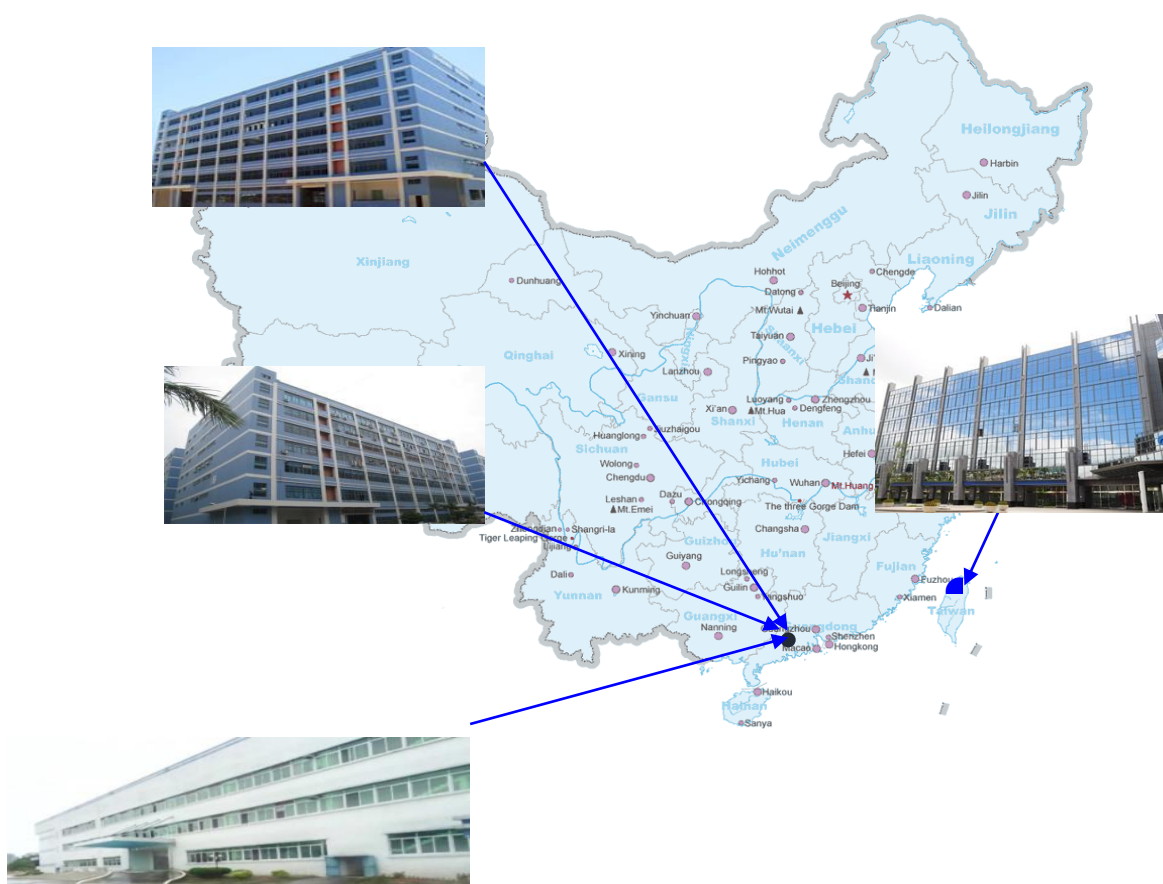
#### 102-5 Ownership and legal form

##### a. Nature of ownership and legal form.

The Taiwan headquarters of Voltronic Power Technology Corp. is a Company Limited by Shares which established in according to Taiwan Company Act, and got listed for its stocks to public in Taiwan Stock Exchange Corporation on March 31, 2014.

China Shenzhen export factory ( Voltronic Power Technology (Shen Zhen) Corp. ) , China Shenzhen domestic factory ( Orchid Power (Shen Zhen) Manufacturing Company ) and the China Zhongshen export factory ( Zhongshen Voltronic Power Electronic Limited ) were established in accordance with the following investment structures as the 100% held subsidiary company in China.





#### 102-6 Markets served

##### a. Markets served, including :

- i. geographic locations where products and services are offered;
- ii . sectors served;
- iii . types of customers and beneficiaries.

**Voltronic Power's sales regions of main products :**

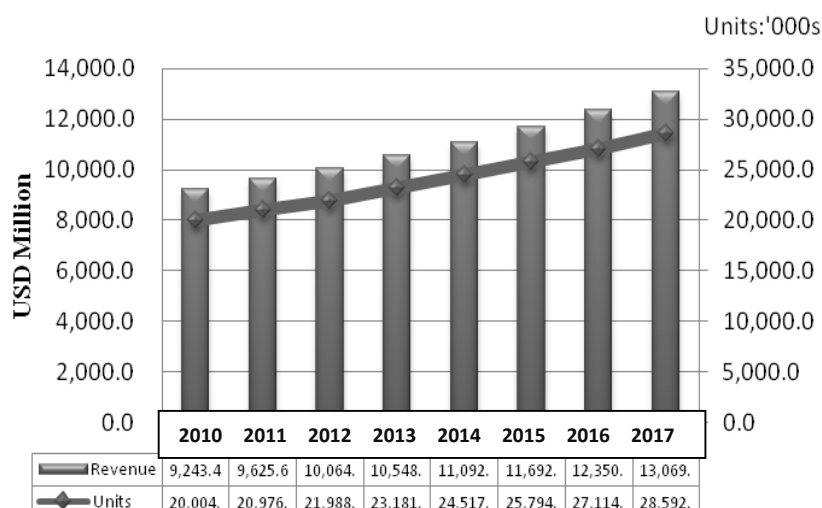
**Unit : Thousand NTD ; %**

| Sales Regions |          | 2015      |         | 2016      |         | 2017      |         |
|---------------|----------|-----------|---------|-----------|---------|-----------|---------|
|               |          | Amounts   | Ratio   | Amounts   | Ratio   | Amounts   | Ratio   |
| Domestic      |          | 364,461   | 4.53%   | 344,238   | 4.24%   | 424,436   | 4.30%   |
| Export        | Asia     | 3,483,499 | 43.33%  | 3,996,717 | 49.22%  | 4,821,576 | 48.89%  |
|               | Other    | 4,191,363 | 52.14%  | 3,779,265 | 46.54%  | 4,616,218 | 46.81%  |
|               | Subtotal | 7,674,862 | 95.47%  | 7,775,982 | 95.76%  | 9,437,794 | 95.70%  |
| Total         |          | 8,039,323 | 100.00% | 8,120,220 | 100.00% | 9,862,230 | 100.00% |

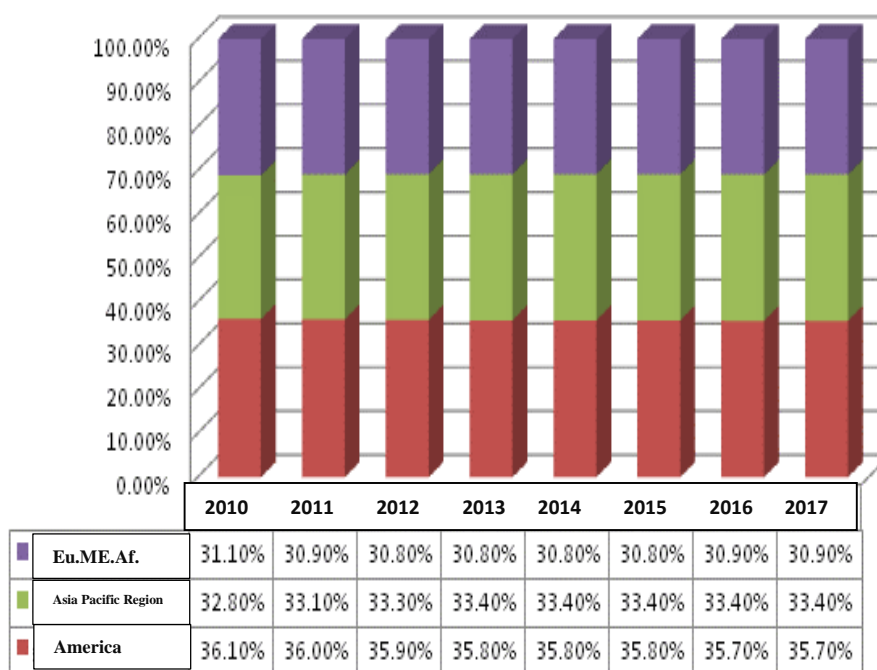
**Voltronic Power in UPS shipments, mainly to the below 20KVA UPS, 2017 annual shipments are about 5.79 million units. According to the Global UPS**

system market analysis research report by Frost & Sullivan, estimated UPS Global Market Scale is about 28.59 million units in 2017. On the global UPS shipments, Voltronic Power accounted for about twenty percent.

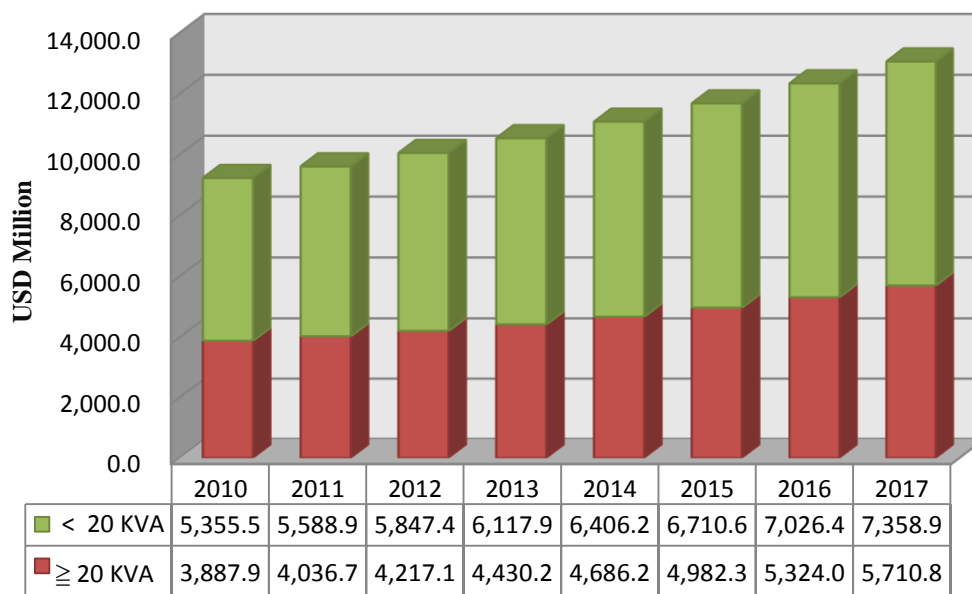
**Figure : 2010~2017global UPS market scale**



**Figure : Distribution of major sales regions of UPS products**



**Figure: the proportion of global UPS product specifications and output value**



### **102-7 Markets served**

#### **a. Markets served, including :**

- i. geographic locations where products and services are offered;**
- ii .sectors served;**
- iii. net sales (for private sector organizations) or net revenues (for public sector organizations);**
- iv. total capitalization (for private sector organizations) broken down in terms of debt and equity;**
- v. quantity of products or services provided.**

| year | item                          | Taiwan | Voltronic Shenzhen | Orchid Shenzhen | Zhongshen Voltronic | Total   |
|------|-------------------------------|--------|--------------------|-----------------|---------------------|---|
| 2015 | Total number of employees     | 75     | 1,517              | 43              | —                   | 1,635   |
|      | Net Sales                     |        |                    |                 |                     | NTD 8,039,323 thousand  |
|      | Total Capitalization          |        |                    |                 |                     | Debt NTD 2,299,696 thousand and equity NTD 4,068,355 thousand, total capitalization NTD 6,368,051 thousand. |
|      | Total Assets                  |        |                    |                 |                     | NTD 6,368,051 thousand.   |
|      | Quantity of products provided |        |                    |                 |                     | On-line UPS systems:<br>Off-line UPS systems:   |
| 2016 | Total number of employees     | 78     | 1,341              | 52              | 398                 | 1,869   |
|      | Net Sales                     |        |                    |                 |                     | NTD 8,120,220 thousand  |
|      | Total Capitalization          |        |                    |                 |                     | Debt NTD 2,790,976 thousand and equity NTD 4,288,259 thousand,  |

|      |                               |    |       |    |     |   |
|------|-------------------------------|----|-------|----|-----|---|
| 2017 |                               |    |       |    |     | total capitalization NTD 7,079,235 thousand.  |
|      | Total Assets                  |    |       |    |     | NTD 7,079,235 thousand.   |
|      | Quantity of products provided |    |       |    |     | On-line UPS systems: 490<br>Off-line UPS systems: 4,280   |
|      | Total number of employees     | 74 | 1,134 | 56 | 973 | 2,237   |
|      | Net Sales                     |    |       |    |     | NTD 9,862,230 thousand  |
|      | Total Capitalization          |    |       |    |     | Debt NTD 3,058,182 thousand and equity NTD 4,178,761 thousand, total capitalization NTD 7,237,174 thousand. |
|      | Total Assets                  |    |       |    |     | NTD 7,237,174 thousand  |
|      | Quantity of products provided |    |       |    |     | On-line UPS systems: 600<br>Off-line UPS systems: 5,550   |

**Beneficial ownership, including the identity and percentage of ownership of the largest shareholders ;**

| Names of Key shareholders  | Shares | Number of shares held | Shareholding rate (%) |
|--|--------|-----------------------|-----------------------|
| Hsieh Juor-Ming (Note)   |        | 10,024,769            | 12.74%                |
| FSP Group  |        | 4,992,916             | 6.35%                 |
| RPS S.P.A  |        | 3,382,680             | 4.30%                 |
| Open Great International Investment Limited Company  |        | 3,002,546             | 3.82%                 |
| Hsieh Yi-Ling  |        | 2,904,462             | 3.69%                 |
| The Sales Department of Standard Chartered Bank Limited delegated to take charge of custody of the investment specially earmarked account of CARTICA capital partner master.                                   |        | 2,594,000             | 3.30%                 |
| The Sales Department of Standard Chartered Bank Limited delegated to take charge of custody of CARTICA investors in the partnership specially earmarked account.   |        | 2,430,886             | 3.09%                 |
| Citibank (Taiwan) delegated to take charge of custody of investment specially earmarked account of Singaporean government.   |        | 2,238,227             | 2.84%                 |
| The Banking Corporate of Standard Chartered Bank Limited delegated to take charge of custody of FIAM Group's Employee Trust Fringe Benefit Program: FIAM Emerging Markets Investment Portfolio Special Account |        | 1,999,068             | 2.54%                 |
| Cathay Life Insurance Company, Ltd.  |        | 1,514,141             | 1.92%                 |

Note: The shares held include shareholding trust reserved for legal utilization 2,431,089 shares.

**Net sales or net revenues by countries or regions that make up five percent or more of total revenues;**

**Expressed in Thousands of New Taiwan Dollars; %**

| regions | Amount    | Percentage |
|---------|-----------|------------|
| Asia    | 5,246,012 | 53.2%      |
| Europe  | 2,166,275 | 22.0%      |
| America | 1,977,861 | 20.1%      |

**Costs by countries or regions that make up five percent or more of total costs;**



Expressed in Thousands of New Taiwan Dollars; %

| regions | Amount    | Percentage |
|---------|-----------|------------|
| Asia    | 7,138,635 | 99.6%      |

**102-8 Information on employees and other workers Information on employees and other workers**

- Total number of employees by employment contract (permanent and temporary), by gender.
- Total number of employees by employment contract (permanent and temporary), by region.
- Total number of employees by employment type (full-time and part-time), by gender.

Voltronic Power's employees all are formal / contract employees, according to December 31, 2015, December 31, 2016 and December 31, 2017 respectively the number of statistics are as follows.

| Year | Gender   | Taiwan | Voltronic Shenzhen | Orchid Shenzhen | Zhongshen Voltronic | Total |
|------|----------|--------|--------------------|-----------------|---------------------|-------|
| 2015 | Male     | 39     | 964                | 30              | —                   | 1033  |
|      | Female   | 36     | 553                | 13              | —                   | 602   |
|      | Subtotal | 75     | 1517               | 43              | —                   | 1635  |
| 2016 | Male     | 38     | 873                | 38              | 264                 | 1,213 |
|      | Female   | 40     | 468                | 14              | 134                 | 656   |
|      | Subtotal | 78     | 1,341              | 52              | 398                 | 1,869 |
| 2017 | Male     | 36     | 717                | 40              | 603                 | 1,396 |
|      | Female   | 38     | 417                | 16              | 370                 | 841   |
|      | Subtotal | 74     | 1,134              | 56              | 973                 | 2,237 |

- Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees : none.
- Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries) : not applicable.
- An explanation of how the data have been compiled, including any assumptions made : The compilation of data was based on the actual registration data of human resources departments of various regions in December 31st of the year, and did't contain any assumptions.

In Taiwan Region, abide by the provisions of Labor Standards Act, the Labor

Pension Act, Labor Insurance Act, National Health Insurance Act, the applicable laws and provisions to hire employees. Further, in accordance with the Taiwan laws to organize Employee Welfare Committee, to take care of the lives of employees. By quarterly convening Employee Welfare Committee meeting and the Labor-Management meeting, the employee representatives can reflect the employees' suggestions and opinions on specific issues, and through those meetings with the company management team to reach a consensus. There are good systems and institutions, specify the various management measures, and the contents prescribe the rights, obligations and the welfare items of employees, periodic review and revise the welfare contents, in order to safeguard the rights and interests of all employees.

In China Region, abide by the provisions of Law of the People's Republic of China on Employment Contracts, Regulation on the Implementation of the Employment Contract Law of the People's Republic of China, Labor Law of the People's Republic of China, Social Insurance Law of the People's Republic of China, the applicable laws and provisions to hire employees.

#### **102-9 Supply chain**

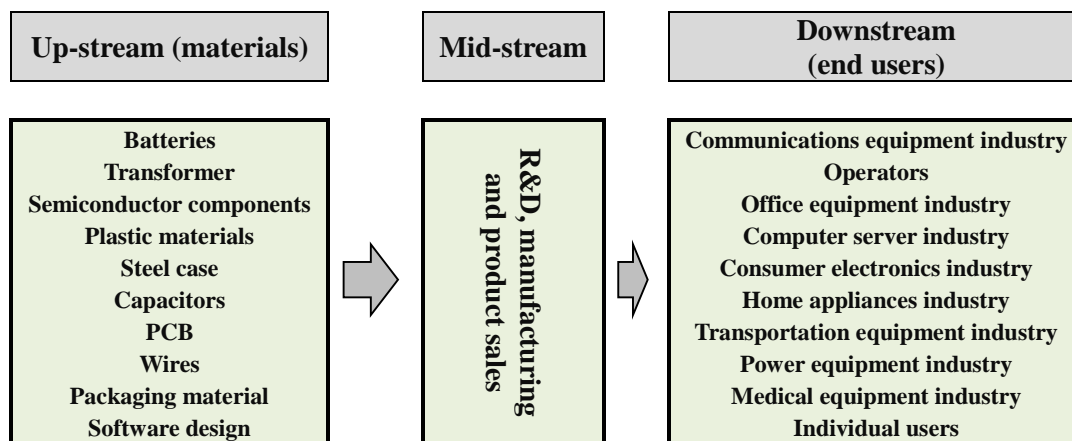
- a.A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.

#### **Voltronic Power Supply Chain Relationships**

Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, inverter, and PV inverter, our upstream products are components (batteries, transformer, semiconductor electronic components, cabinet, PCB, etc.), among these components, battery occupies the highest proportion, our company's manufacturing base in Shenzhen, China where many local Chinese battery factories are located, The Company carefully selected suppliers through quality tests. At present, we have excellent relationships with our suppliers; the supplies are stable without the risks of price fluctuation and supply shortage.

Voltronic Power also occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders. At present, Voltronic Power has over 300 clients; the sales are spread out, with relatively low risks. In the downstream applications, there are IT communication industry, home appliance industry, medical equipment industry, individual users, mass transportation

equipment, and electrical equipment, etc. The applications are diverse with stable growth in the markets; so far, there is no apparent operating risk. The following figure depicts the product correlation among our company's up-, mid-, and downstream:



#### **102-10 Significant changes to the organization and its supply chain**

- a. Significant changes to the organization's size, structure, ownership, or supply chain, including:
- i . Changes in the location of, or changes in, operations, including facility openings, closings, and expansions : During the reporting period ( from January 1 to December 31, 2017 ) , Zhongshen Voltronic Power's output was expanded from 200 thousand units in 2016 to 4 million 720 thousand units in 2017.
  - ii . Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) : none.
  - iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination : No significant change.

#### **102-11 Precautionary Principle or approach**

- a. Whether and how the organization applies the Precautionary Principle or approach ( include an organization's approach to risk management in operational planning, or when developing and introducing new products. )

Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, inverter, and PV inverter, occupies the mid-stream in the industrial supply chain, R&D products based on customer order

requirements are resold to end-users of downstream industries through customer orders, not to strive for own brand name, not to compete against customers, thus without the risk of product development. At present, Voltronic Power has over 300 clients; the sales are very spread out, also without risk of excessive centralization of customers.

Voltronic Power's major shareholders uphold the concept of sustainable investment, not to sale the company's shares to achieve the purpose of profit, and the Management Team has the abilities that cannot to be replaced in the R&D and in the production technology also in the development of customers, and for the purpose of sustainable operation, therefore, there is neither the risk of being hostile takeover nor the risk of losing of operating rights.

Therefore, Voltronic Power hasn't Poison Pill Plan and absolutely no Poison Pill Plan (or Shareholder Rights Plan) will be implemented. There also hasn't Blank Check Preferred Authorized which is authorized to issue any quantity of preferred stock without shareholders' approval.

The Taiwan headquarters of Voltronic Power Technology Corp. is a listed company in according to Taiwan Company Act and the Securities and Exchange Act, only issued Common Stocks, every one share have the equal voting power. There are neither Unequal Voting Rights (Including Preferred Stock) nor Dual Class Unequal Voting Rights - Common Shares .

In accordance with the provisions of the 173rd articles of the Taiwan company law :  
「Any or a plural number of shareholder(s) of a company who has (have) continuously held 3% or more of the total number of outstanding shares for a period of one year or a longer time may, by filing a written proposal setting forth therein the subjects for discussion and the reasons, request the board of directors to call a special meeting of shareholders. If the board of directors fails to give a notice for convening a special meeting of shareholders within 15 days after the filing of the request under the preceding Paragraph, the proposing shareholder(s) may, after obtaining an approval from the competent authority, convene a special meeting of shareholders on his/their own. A special meeting of shareholders convened in accordance with the provisions set out in the preceding two Paragraphs may appoint an inspector to examine the business and financial condition of the company. When the board of directors fails or cannot convene a shareholders' meeting on account of share transfer or any other causes, the shareholder(s) holding 3% or more of the total number of outstanding shares of the company may, after obtaining an approval from the competent authority,

convene a shareholders' meeting.

#### **102-12 External initiatives**

- a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses ( include the date of adoption, the countries or operations where applied, and the range of stakeholders involved in the development and governance of these initiatives; differentiate between non-binding, voluntary initiatives and those with which the organization has an obligation to comply ) : Voltronic Power doesn't sign any externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.

#### **102-13 Membership of associations**

- a.A list of the main memberships of industry or other associations, and national or international advocacy organizations.

Voltronic Power is the member of Taiwan Electrical and Electronic Manufacturers' Association also is the member of Taipei Computer Association.

## **2. Strategy**

#### **102-14 Statement from senior decision-maker**

- a.A statement from the most senior decision-maker of the organization (such as CEO, Chairman, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.

#### **Statement from Chairman**

「 Perfecting Corporate Social Responsibility to Improve Corporate Governance 」

Information disclosures of policies formulation and implementation results of " ESG : Environmental & Social & Governance" have always been important indicators for Foreign Investment Institutions to evaluate investment targets, also for International Brand Company to evaluate suppliers. "Governance" is the most important item of the "General Disclosures" in the "Corporate Social Responsibility Report". "Environment, Society" and "Economy" are the "Specific Disclosures" in the "Corporate Social Responsibility Report".

Therefore, the business philosophy of Voltronic Power always regards "Governance", "Economy", "Environment" and "Society" as the Four Stones of

**Corporate Social Responsibility for all stakeholders and the pursuit of Enterprises Sustainable Development. As a result, "Corporate Governance" is not only to do Corporate Governance for Voltronic Power, but to do the most important part of Corporate Social Responsibility; if it can do well in Corporate Social Responsibility, it will be able to do a good job of Corporate Governance.**

**It is not mandatory for the s to prepare the corporate social responsibility reporting industry.**

**In order to publicize and practice the most important business philosophy of the company, although the industry of Voltronic Power is not the industry that Competent Authorities regulating which should compulsorily compiling the Social Responsibility Report, neither the capital amount of Voltronic Power has not reached the standard that Competent Authorities regulating which should compulsorily compiling the Social Responsibility Report, however, in 2015, Voltronic Power established the "Corporate Social Responsibility Task Force ", which is directly supervised by Chairman, periodically reports to the Board, and "voluntarily" issued annual Corporate Social Responsibility Report (currently published for 2014, 2015, and 2016 years) in accordance with the G4 (Fourth Generation ) Sustainability Reporting Guidelines published by the Global Reporting Initiative(GRI), and published in two languages as Chinese and English due to the needs of shareholders and global customers.**

**In order to follow the latest pace of internationalization and compiling a more sophisticated Corporate Social Responsibility Report, Voltronic Power early adoption of Global Reporting Initiative Standards 2016 published by the Global Sustainability Standards Board ( the effective date of the Standards is July 1st, 2018, but encourages early adoption ) , to show the most positive attitude of Voltronic Power towards the sustainability topic and corporate social responsibility in the Global Supply Chain.**





Chairman of the Board Hsieh Juor-Ming

### **3. Ethics and integrity**

#### **102-16 Values, principles, standards, and norms of behavior**

In order to improve the Ethical Management, Voltronic Power according to the resolution of the board of directors, in November 2015 establishing Ethical Management Task Force, under the board of directors, is responsible for adopting and supervising the implementation of Ethical Management policy and prevention programs. Ethical Corporate Management Best Practice Principles are adopted as the following :

**Ethical Corporate Management Best Practice Principles for Voltronic Power Technology Corp.**

#### **Article 1 (Purpose of adoption and scope of application)**

These principles are adopted to foster a corporate culture of ethical management and sound development, and offer a reference framework for establishing good commercial practices.

Adopt these principles applicable to the business groups and organizations of the corporate, which comprise the subsidiaries, any foundation to which the corporate's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by such corporate ("the business group").

#### **Article 2 (Ethical policies)**

The business group shall abide by the operational philosophies of honesty, transparency and responsibility, base policies on the principle of good faith and establish good corporate governance and risk control and management mechanism so as to create an operational environment for sustainable development.

**Article 3 (Prohibit unethical conduct)**

When engaging in commercial activities, directors, supervisors, managers, employees, and mandatories of the business group or persons having substantial control over the business group as substantial controllers ("persons of the business group ") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, supervisors, managers, employees or substantial controllers or other stakeholders.

**Article 4 (Types of benefits)**

"Benefits" in these Principles means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

**Article 5 (Regulations compliance)**

The business group shall comply with the local Company Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Statute, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, or other laws or regulations regarding commercial activities, the Securities and Exchange Act and TWSE/GTSM listing rules of the territory where the head company of the business group is operating, as the underlying basic premise to facilitate ethical corporate management.

of the territory where the companies and their business group

Persons of the business group shall comply with these principles and the

applicable laws and regulations as well as the prevention programs when conducting business. And the applicable prevention programs shall be adopted pursuant to relevant laws and regulations of the territory where the companies and their business group are operating.

**Article 6 (Organization and responsibility)**

The directors, supervisors, managers, employees, mandatories, and substantial controllers of the business group shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of the ethical corporate management policies.

**Human resources unit:** In charge of the amendment, implementation, interpretation, and advisory services with respect to these principles, the recording and filing of reports, and the promoting awareness education. Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.

**Audit office or other designated responsible for the investigation unit :** Supervise or investigate the implementation of the relevant units, and submit reports to the board of directors.

**Article 7 (Scope of prevention programs)**

When establishing the prevention programs, shall analyze which business activities within the business scope which are possibly at a higher risk of being involved in an unethical conduct, and strengthen the preventive measures.

The prevention programs adopted by the corporate shall at least include preventive measures against the following:

- 1, Offering and acceptance of bribes.
- 2, Illegal political donations.
- 3, Improper charitable donations or sponsorship.
- 4, Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
- 5, Misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights.
- 6, Engaging in unfair competitive practices.

7, Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

**Article 8 (Prohibition against offering or accepting bribes)**

When conducting business, the business group and persons of the business group may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. The preceding provision does not apply where the conduct meets the laws of the territory where the companies and their business group are operating.

**Article 9 (Prohibition against illegal political donations)**

When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the business group and persons of the business group shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Political donations by the business group shall be according to the following provisions, reporting to the chairman of the business group's head company for approval, and giving a notification to the responsible people or unit, and the amount of the political donations shall be made only after being approved by the approval level of the approval authority table.

- 1, It shall be ascertained that the political donations including the maximum amount and the donation form whether are in compliance with the national Political Donations Act and other relevant laws of the country in which the political donation recipient is located.
- 2, A written record of the decision-making process shall be kept.
- 3, Account entries shall be made for all political donations in accordance with applicable laws and regulations and relevant procedures for accounting treatment.
- 4, In making political donations, commercial dealings, applications for permits, or carrying out other matters involving the interests of this Corporation with the related government agencies shall be avoided.

**Article 10 (Prohibition against improper charitable donations or sponsorships)**

When making or offering charitable donations and sponsorships, the business group and persons of the business group shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

When making or offering charitable donations or sponsorships, the business group and persons of the business group shall be according to the following provisions, reporting to the chairman of the business group's head company for approval, and giving a notification to the responsible people or unit, and the amount of the charitable donations or sponsorships shall be made only after being approved by the approval level of the approval authority table.

- 1, It shall be ascertained that the charitable donations or sponsorships are in compliance with the laws and regulations of the territory where the companies and their business group are operating.
- 2, A written record of the decision-making process shall be kept.
- 3, The object of charitable donation should be charity organization, and the charitable donation shall not surreptitiously engage in bribery.
- 4, The returns received as a result of any sponsorship shall be specific and reasonable, and the subject of the sponsorship may not be a counterparty of this Corporation's commercial dealings or a party with which any personnel of this Corporation has a relationship of interest.
- 5, After a charitable donation or sponsorship has been given, it shall be ascertained that the destination to which the money flows is consistent with the purpose of the contribution.

**Article 11 (Prohibition against offering or acceptance of improper interests including unreasonable presents, hospitality or other improper benefits)**

Except under one of the following circumstances, when persons of the business group directly or indirectly offer, promise to offer, request, or accept any benefit as specified in Article 4, shall comply with the provisions of these principles and the relevant procedures shall have been carried out :

- 1, Meet the laws and regulations of the territory where the companies and their business group are operating.
- 2, The conduct is undertaken to meet business needs and is in accordance with local courtesy, convention, or custom during domestic (or foreign)

visits, reception of guests, promotion of business, and communication and coordination.

- 3, The conduct has its basis in ordinary social activities that are attended or others are invited to hold in line with accepted social custom, commercial purposes, or developing relationships.
- 4, Invitations to guests or attendance at commercial activities or factory visits in relation to business needs, when the method of fee payment, number of participants, class of accommodations, and the time period for the event or visit have been specified in advance.
- 5, Attendance at folk festivals that are open to and invite the attendance of the general public.
- 6, Rewards, emergency assistance, condolence payments, or honorariums from the management.
- 7, Money, property, or other benefits offered to or accepted from relatives or frequent contacts friends.
- 8, Reasonable property received due to engagement, marriage, maternity, relocation, assumption of a position, promotion or transfer, retirement, resignation, or severance, or the injury, illness, or death of the recipient or the recipient's spouse or lineal relative.
- 9, Other conduct that complies with the rules of this Corporation.

**Article 12 (Procedures for handling the acceptance of improper benefits)**

Except under any of the circumstances set forth in the preceding article, when any persons of the business group are provided with or are promised, either directly or indirectly, any benefits as specified in Article 4 by a third party, the matter shall be handled in accordance with the following procedures :

- 1, If there is no relationship of interest between the parties providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall report to their immediate supervisor within 3 days from the acceptance of the benefit, and general manager shall be notified if necessary.
- 2, If a relationship of interest does exist between the party providing or offering the benefit and the official duties of this Corporation's personnel, the personnel shall return or refuse the benefit, and shall report to his or her immediate supervisor and notify general manager. When the benefit cannot be returned, then within 3 days from the



acceptance of the benefit, the personnel shall refer the matter to general manager for handling.

"A relationship of interest between the party providing or offering the benefit and the official duties of this Corporation's personnel" as referred to in the preceding paragraph, refers to one of the following circumstances :

- 1, When the two parties have commercial dealings, a relationship of direction and supervision, or subsidies (or rewards) for expenses.
- 2, When a contracting, trading, or other contractual relationship is being sought, are in progress, or have been established.
- 3, Other circumstances in which a decision regarding this Corporation's business, or the execution or non-execution of business, will result in a beneficial or adverse impact.

General Manager shall make a proposal to implement, based on the nature and value of the benefit under paragraph 1, that it be returned, accepted on payment, given to the public, donated to charity, or handled in another appropriate manner.

**Article 13 (Prohibition of and handling procedure for facilitating payments)**

The business group shall neither provide nor promise any facilitating payment.

If any person of the business group provides or promises a facilitating payment under threat or intimidation, they shall submit a report to their immediate supervisor stating the facts and shall notify general manager. Upon receipt of the report under the preceding paragraph, general manager shall assign personnel to take immediate action and undertake a review of relevant matters in order to minimize the risk of recurrence. In a case involving alleged illegality, the responsible unit shall also immediately report to the relevant judicial agency.

**Article 14 (Recusal)**

Directors, managers or other stakeholders attending or present at a board meeting shall practice a high degree of self-discipline. If any director or a juristic person represented by a director is an interested party with respect to any agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interests of the company or the business group, the director may not participate in

discussion or voting on that agenda item, and further, shall enter recusal during discussion and voting on that item and may not act as another director's proxy to exercise voting rights on that matter. The directors shall practice self-discipline among them, and may not support each other in an inappropriate manner.

Persons of the business group shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

If in the course of conducting company business, any personnel of the business group discovers that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and general manager, and the immediate supervisor or general manager shall provide the personnel with proper instructions.

No personnel of the business group may use company resources on commercial activities other than those of this corporation or the business group, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this corporation or the business group.

**Article 15 (Prohibit infringement of intellectual property)**

The business group and persons of the business group shall observe applicable laws and regulations, the company's and the business group's internal operational procedures and contractual provisions concerning intellectual property, may not disclose to any other party any trade secrets, trademarks, patents, works, and other intellectual properties of this Corporation and the business group of which they have learned, nor may they inquire about or collect any trade secrets, trademarks, patents, and other intellectual properties of this Corporation and the business group unrelated to their individual duties. And may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

**Article 16 (Prohibition against the acts of unfair competition)**

The business group shall engage in business activities in accordance with applicable competition laws and regulations.

**Article 17 (Prevent products or services to harm stakeholders)**

Shall to gather and understand the applicable laws, regulations and international standards that shall be observed by the business group and persons of the business group regarding its products and services, to impel personnel of the business group to abide by the applicable laws, regulations and international standards in the course of research and development, procurement, manufacture, provision, or sale of products and services, to ensure the transparency of information about, and safety of the products and services. To prevent the products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are media reports, or sufficient facts to determine, that the business group's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, in principle recall those products or suspend the services as soon as possible, verify the facts and present a review and improvement plan. The managers shall regard the materiality, report to the board of directors about the event as in the preceding paragraph, actions taken, and subsequent reviews and corrective measures taken if necessary.

**Article 18 (Task force in charge of confidentiality regime and its responsibilities)**

General Manager Office is the task force to deal with trade secrets, charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the company's trade secrets and it shall also conduct reviews on the results of implementation if necessary to ensure the sustained effectiveness of the confidentiality procedures.

**Article 19 (Prohibition against disclosure of confidential secrets)**

The personnel of the business group shall do comply with the operating provisions of the company's and the business group's commercial secrets, may not disclose to any other party any confidential secrets of the company and the business group of which they have learned, nor may they inquire about or collect any commercial secrets of the company and the business group unrelated to their individual duties.

**Article 20 (Prohibition against insider trading)**

The personnel of the business group shall comply with the provisions of the Securities and Exchange Act of the territory where the head company of the business group is operating, and may not take advantage of

undisclosed information of which they have learned to engage in insider trading. Personnel are also prohibited from divulging undisclosed information to any other party, in order to prevent other party from using such information to engage in insider trading.

**Article21 (Non-disclosure agreement)**

Any organization or person outside of the business group that is involved in any merger, division, acquisition and share transfer, major memorandum of understanding, strategic alliance, other business partnership plan, or the signing of a major contract by the business group shall be required to sign a non-disclosure agreement in which they undertake not to disclose to any other party any trade secret or other material information of the business group acquired as a result, and that they may not use such information without the prior consent of the business group.

**Article22 (Accounting and internal control)**

The business group shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and enforcement of the systems are showing results. The internal audit unit shall periodically examine the company's compliance with the foregoing systems and prepare audit reports and submit the same to the board of directors or directors. The internal audit unit may engage a certified public accountant to carry out the audit, and may engage professionals to assist if necessary.

**Article23 (Announcement of policy of ethical management to outside parties)**

The business group shall timely disclose and express the policy of ethical management, adopt measures and implementation results in its internal rules and regulations, annual reports, prospectus, the company's websites, and in other promotional materials or external activities, in order to make the internal personnel and external stakeholders fully aware of the principles and rules with respect to ethical management.

**Article24 (Avoidance of commercial dealings with unethical operators)**

Any personnel of the business group, when engaging in commercial activities, shall understand the ethical management status of the trading counterparty, and shall make a statement to the trading counterparty about the business group's ethical management policy and related rules.

All personnel of the business group shall avoid business transactions with an agent, supplier, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel shall immediately cease dealing with the counterparty in order to effectively implement the business group's ethical management policy.

**Article 25 (Stipulation of terms of ethical management in contracts)**

Before entering into a contract with another party, the business group shall gain a thorough knowledge of the status of the other party's ethical management, and shall make observance of the ethical management policy part of the terms and conditions of the contract, stipulating the following matters:

- 1, When a party to the contract becomes aware that any personnel has violated the terms and conditions pertaining to prohibition of acceptance of commissions, rebates, or other improper benefits, the party shall immediately notify the other party of the violator's identity, the manner in which the provision, promise, request, or acceptance was made, and the monetary amount or other improper benefit that was provided, promised, requested, or accepted. The party shall also provide the other party with pertinent evidence and cooperate fully with the investigation. If there has been resultant damage to either party, the party may claim from the other party certain percent of the contract price as damages, and may also deduct the full amount of the damages from the contract price payable.
- 2, Where a party is discovered to be engaged in unethical conduct in its commercial activities, the other party may terminate or rescind the contract unconditionally at any time.
- 3, Specific and reasonable payment terms, including the place and method of payment and the requirement for compliance with related tax laws and regulations.

**Article 26 (Actions upon event of unethical conduct by others towards the business group)**

If any personnel of the business group discovers that another party has engaged in unethical conduct towards the business group, and such unethical conduct involves alleged illegality, the business group shall report the relevant facts to the judicial and prosecutorial authorities;

where a public service agency or public official is involved, the business group shall additionally notify the governmental anti-corruption agency.

**Article 27 (Handling of unethical conduct by personnel of the business group)**

When finding or receiving the report of the business group's personnel involved in the unethical conduct, shall immediately identify the relevant facts. If a person being informed of is confirmed to have indeed violated the applicable laws and regulations or the business group's policy and regulations of ethical management, shall immediately require the violator to cease the conduct and shall make an appropriate disposition. When necessary, the business group will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.

With respect to confirmed information, the business group shall charge relevant units with the task of reviewing the internal control system and relevant procedures and proposing corrective measures to prevent recurrence.

The audit unit or other responsible unit shall submit to the board of directors a report on the whistleblowing case, actions taken, and subsequent reviews and corrective measures.

Documentation of case acceptance, investigation processes and investigation results shall be retained by the receive and audit unit for at least five years. In the event of a suit in respect of the whistleblowing case before the retention period expires, the relevant information shall continue to be retained after the conclusion of the litigation at least five years.

**Article 28 (Establishment of a system for rewards, penalties, and complaints, and related disciplinary measures)**

The business group establishes an informant mailbox (whistleblower@voltronic.com.tw), human resource unit and audit unit also are the channels for whistleblowers to submit reports. The whistleblowers may also report to independent directors, managers, immediate supervisors or any other appropriate persons. External whistleblowers may through the previously described informant mailbox (The letters will be automatically forwarded to the independent directors of the head company of the business group and the highest order supervisors) or through other contact methods of the business group's supervisors to submit reports. The related handling units shall represent they will keep the whistleblowers' identity and contents of information confidential, to protect the whistleblowers



from improper treatment due to their whistle-blowing.

If the report violations involving directors or senior executives, the handling units shall report the information to independent directors of the business group's head company. When material misconduct or likelihood of material impairment to the business group comes to their awareness upon investigation, the handling units and investigation units shall immediately prepare a report and notify the independent directors of the business group's head company.

This business group shall link the effectiveness of the implementation of the ethical management and the informant credit to employee performance evaluations and human resources policy.

The business group regarding the personnel of the business group who violates ethical conduct, shall be in accordance with relevant laws and regulations or personnel regulations to penalty, also shall timely disclose on the intranet or internal meeting information the violation case and the actions taken in response.

If the punished persons suppose improper disposal of the business group, cause their legitimate rights and interests have been infringed, they can appeal to the independent directors of the business group's head company, managers, human resources unit supervisor, audit unit supervisor, immediate supervisors or other appropriate personnel, as a remedy.

**Article29 (Education and training)**

The business group shall timely in the board of directors, internal meetings, training courses and intranet to convey the importance of ethical conduct and to propaganda these principles, make persons of the business group fully understand the determination for ethical management of the business group, policy, prevention programs and serious consequences of unethical conduct.

**Article30 (The review and revision of the policies and measures for ethical management)**

The business group shall always pay attention to domestic and foreign ethical management relevant regulations development, encourage the directors, supervisors managers and employees to propose suggestions, according to review and revise ethical management policies and promoting measures, in order to enhance the effectiveness of the implementation of the business group's ethical management.

**Article31 (Enforcement)**

**These principles and any amendments hereto, shall be implemented after adoption by resolution of the board of directors, and shall be reported to the shareholders meeting.**

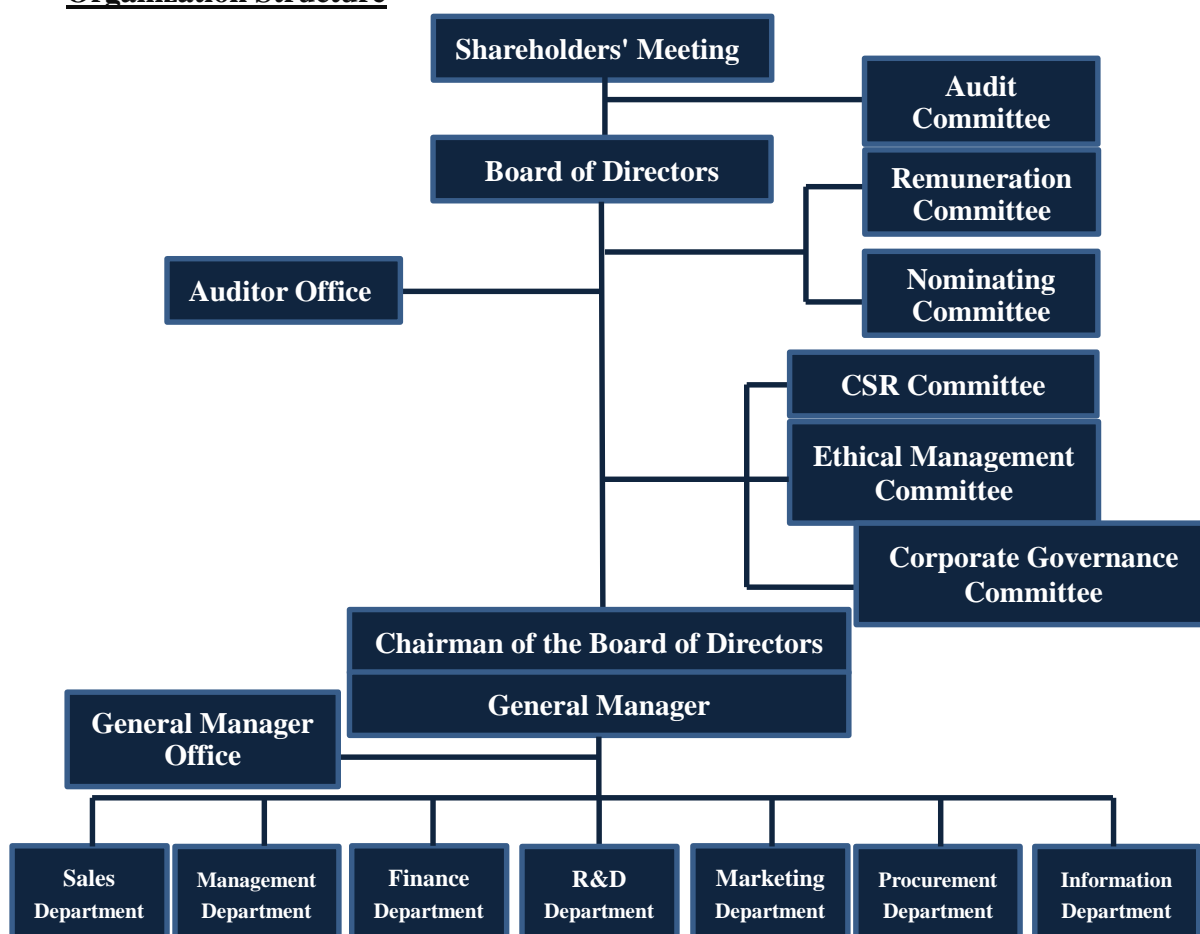
**When these principles are submitted to the board of directors for discussion, each independent director's opinions shall be taken into full consideration, and their objections and reservations expressed shall be recorded in the minutes of the board of directors meeting. An independent director that is unable to attend a board meeting in person to express objection or reservation shall provide a written opinion before the board meeting unless there is a legitimate reason to do otherwise, and the opinion shall be recorded in the minutes of the board of directors meeting.**

## **4. Governance**

### **102-18 Governance structure**

- a. Governance structure of the organization, including committees of the highest governance body.
- b. Committees responsible for decision-making on economic, environmental, and social topics.

### **Organization Structure**



### **Board of Directors**

The board of directors is one of the two core institutions in Voltronic Power's corporate governance organizational structure, in accordance with the articles of incorporation, is comprised seven directors, three of them are independent directors, are elected by the shareholders' meeting from among the persons with disposing capacity. The election of independent directors in that a candidate nomination system shall be adopted and those shareholders shall elect independent directors from among the listed in the slate of independent director candidates ( In the

shareholders' meeting convened on May 24, 2016, making alterations of the Articles of Incorporation, the election of all directors comprising non-independent directors, a candidate nomination system shall be adopted and those shareholders shall elect all directors from among the listed in the slate of independent director and non-independent director candidates) . According to the Company Law and the Articles of Incorporation, the terms of all directors ( comprising independent directors, non-independent directors, executive directors, non-executive directors ) , all are three years, but he/she may be eligible for re-election. There is no “Classified Board System”. The percentage of total registered shares owned by the directors and supervisors at total issued shares, according to the provisions of the securities regulatory authority. Take out liability insurance for all directors and supervisors and reporting to Board of Directors.

In 2017, there were 7 directors, 1 was female director and 6 were male directors. Age of the Youngest Director is 49 years old, age of the Oldest Director is 72 years old, Board average age is 61 years old. According to the provisions of the Taiwan Company Law of, the director must be upon reaching the twentieth year of age and has the capacity to make juridical acts.

There were 5 of non-executive directors and 2 of executive directors on board; the chairman of the board was elected by the board of directors. The chairman of the board of directors shall internally preside the shareholders' meeting, the meeting of the board of directors, and shall externally represent the company. Because the chairman of the board is CEO duality, so Voltronic Power voluntarily appoints more 1 independent director than that is required by laws, and the Audit Committee was composed of the entire 3 of independent directors.

The board of directors shall exercise its functions according to the provisions of relevant acts and articles of incorporation and rules for the proceedings of board meetings and resolution of the shareholders' meeting etc. Also supervise the management team of the company, responsible for the overall operation of the company. Each director has the same voting rights on the board. The internal auditing officer also presents at the regular board of directors to report on the implementation of the internal audit and issues the audit report for reference. The major resolutions of the board of directors disclose on Market Observation Post System and the company's website.

In order to implement corporate governance, improve the supervision function and strengthen the management function, Voltronic Power in accordance with the relevant provisions of Regulations Governing Procedure for Board of Directors

Meetings of Public Companies to set up the rules of the company's Board of Directors Meetings for following. When the directors themselves or on behalf of as the juristic person authorized representatives who have the personal interest in the matter under discussion at a meeting, which may impair the interest of the company, shall not vote nor exercise the voting to protect the interests of the company and the shareholders.

In order to promote the implementation of corporate social responsibility, Voltronic Power according to the resolution of the board of directors, in November 2015 establishing To Promote Corporate Social Responsibility Task Force and was upgraded as To Promote Corporate Social Responsibility Committee in December 2017, which is directly supervised by the chairman (who is the executive director with responsibility for corporate social responsibility), be responsible for corporate social responsibility policy, system and related management policy, propose and implement specific action plans, regularly report to the board of directors and publish corporate social responsibility report. Regarding economic, environmental and social issues arising from operating activities, the board of directors authorized general manager and general manager office to deal, then report to board of directors the handle results.

Also in order to improve the Ethical Management, Voltronic Power according to the resolution of the board of directors, in November 2015 establishing Ethical Management Task Force and was upgraded as Ethical Management Committee in December 2017, under the board of directors, is responsible for adopting and supervising the implementation of Ethical Management policy and prevention programs, and regularly report the relevant necessary matters to board of directors. In addition, in order to implement Corporate Governance, establishing Corporate Governance Committee in December 2017, under the board of directors, is responsible for corporate governance related affairs (including but not limited to providing the materials required by the director in the course of performing his/her duties, handling the matters related to the meeting of the board of directors and the shareholders' meeting in accordance with laws, dealing with the company registration and alteration registration, preparing also performing public announcement and registration the annual report, recording the minutes of the meeting of the board of directors and of the shareholders' meeting, performing registration and public announcement of the shares holding or holding change by insiders, performing public announcement and registration the financial information, performing public announcement the material information, handling

the matters related to the Corporate Governance Evaluation.) , which is directly supervised by the chairman (who is the executive director with responsibility for corporate governance), and regularly report the relevant necessary matters to board of directors.

Voltronic Power's directors all with professional background and most are also engaged in the professional field, and adherence to the provisions of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE / GTSM Listed Companies" to take part in the related study course and take the proof document.

The incumbent directors all have rich operating or academic experience, the board of directors shall meet at least quarterly. In the most recent year (2017), the board of directors convened a total of six boards of directors meetings (A). The director's attendance is as follows, Board Meeting average attendance was 86%, and number of Directors Attending less than 75% of Board Meetings is 2.

Fact of participation by the directors:

| Title                | Name  | Times of Attendance in Person (B) | Times of Attendance by Proxy | Actual Attendance Ratio (%) (B/A) | Remarks |
|----------------------|---|-----------------------------------|------------------------------|-----------------------------------|---------|
| Chairman             | Hsieh Juor-Ming   | 6                                 | 0                            | 100%                              | —       |
| Director             | Representative of Open Great International Investment Limited Company: Chen Tsui-Fang | 4                                 | 1                            | 67%                               | —       |
| Director             | FSP Group Representative: Cheng Ya-Jen  | 5                                 | 1                            | 83%                               |         |
| Director             | Representative of RPS S.P.A: Roberto Facci  | 0                                 | 2                            | 0%                                | —       |
| Independent director | Lee Chien-Jan   | 6                                 | 0                            | 100%                              | —       |
| Independent director | Hsu Chun-An   | 6                                 | 0                            | 100%                              | —       |
| Independent director | Yang Ching-Hsi  | 5                                 | 1                            | 83%                               | —       |

Note 1: In Year 2017, the average participation ratio of directors in the board of directors meetings was 76.19%

Note 2: Resigned on March 20, 2018.

**In Year 2017, the participation by independent directors in the board of directors meetings v: Participation in person ◎: Participate in through a proxy x: Absent**

| Year 2017            | The 1 <sup>st</sup> meeting | The 2 <sup>nd</sup> meeting | The 3 <sup>rd</sup> meeting | The 4 <sup>th</sup> meeting | The 5 <sup>th</sup> meeting | The 6 <sup>th</sup> meeting |
|----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Lee Chien-Jan        | v                           | v                           | v                           | v                           | v                           | v                           |
| Hsu Chun-An (Note 2) | v                           | v                           | v                           | v                           | v                           | v                           |
| Yang Ching-Hsi       | v                           | v                           | ◎                           | v                           | v                           | v                           |

1, In the event of the following circumstances, dates, No. of board meetings, proposals, opinions from all independent directors and the company's response to the opinion of independent directors should be noted:  
I. Any issues listed in Article 14-3 of the Securities and Exchange Act

| Date       | Term   | Proposal  | Opinions from all the independent directors and the company's response to such opinions   |
|------------|--|---|---|
| 02/24/2017 | The 11 <sup>th</sup> meeting of Session Four | Approval of the partial amendment to the Procedures for the Acquisition or Disposal of Assets   | Opinion from independent directors: none<br>The company's response to such opinions: none<br>Resolution: unanimous consent from all the directors present |
| 05/04/2017 | The 12 <sup>th</sup> meeting of Session Four | Approval of the credit line for loans to subsidiaries   | Opinion from independent directors: none<br>The company's response to such opinions: none<br>Resolution: unanimous consent from all the directors present |
| 08/10/2017 | The 14 <sup>th</sup> meeting of Session Four | Approval of the credit line for loans to subsidiaries   | Opinion from independent directors: none<br>The company's response to such opinions: none<br>Resolution: unanimous consent from all the directors present |
| 09/28/2017 | The 15 <sup>th</sup> meeting of Session Four | 1. Approval of the "Internal Control System" , "Rules of Procedures Governing Board of Directors Meetings" and such rules<br>2. Approval of leasehold for the plants and offices    | Opinion from independent directors: none<br>The company's response to such opinions: none<br>Resolution: unanimous consent from all the directors present |
| 11/08/2017 | The 16 <sup>th</sup> meeting of Session Four | 1. Approval of audit plans for Year 2018<br>2. Approval of increase in the investment in the subsidiary(s) in China.  | Opinion from independent directors: none<br>The company's response to such opinions: none<br>Resolution: unanimous consent from all the directors present |
| 02/26/2018 | The 17 <sup>th</sup> meeting of Session Four | 1. Approval of the proposals posed by the Remuneration Committee in the 8 <sup>th</sup> Meeting of Session Two.<br>2. Approval of Declaration of Internal Control System Year 2017. | Opinion from independent directors: none<br>The company's response to such opinions: none<br>Resolution: unanimous  |



|            |  |  |   |
|------------|--|--|---|
|            |  | <b>3. Approval of partial amendment to the "Internal Control System".</b><br><b>4. Approval of change in the Certified Public Accountants in response to the internal adjustment in the Deloitte Touche Tohmatsu International Taiwan</b><br><b>5. Approval of fees payable to the Certified Public Accountants in Year 2018</b> | consent from all the directors present  |
| 04/13/2018 | The 18 <sup>th</sup> meeting of Session Four | Approval of partial amendment to the "Internal Control System".  | Opinion from independent directors: none<br>The company's response to such opinions: none<br>Resolution: unanimous consent from all the directors present |

**II. Other than the above items, other board meeting discussions that independent directors have expressed dissenting opinion or qualified opinion as recorded or stated in writing: None**

- 2, Facts by directors in avoidance from conflict of interests: State the names of directors, contents of agenda, causes of avoidance, participation and resolutions:**
- i. February 24, 2017: The board of directors discussed the decision resolved by the Remuneration Committee in the 5<sup>th</sup> meeting of Session Two. In the event, Director Hsieh Jour-Ming did not participate in the voting process because of avoidance from conflict of interests.**
  - ii. August 10, 2017: The board of directors discussed the decision resolved by the Remuneration Committee in the 7<sup>th</sup> meeting of Session Two. In the event, Director Hsieh Jour-Ming and the Representative from Open Great International Investment Limited Company, Chen Tsui-Fang did not participate in the voting process because of avoidance from conflict of interests.**
  - iii. September 28, 2017: The board of directors discussed the issue about leasehold of plants and offices. In the event, Directors Hsieh Jour-Ming and the Representative from Open Great International Investment Limited Company, Chen Tsui-Fang did not participate in the voting process because of avoidance from conflict of interests.**
  - iv. February 26, 2017: The board of directors discussed the decision resolved by the Remuneration Committee in the 8<sup>th</sup> meeting of Session Two. In the event, Director Hsieh Jour-Ming did not participate in the voting process because of avoidance from conflict of interests.**
- 3, Efforts to strengthen the performance of the board of directors in the current year and the most recent year (e.g., establish the Audit Committee to promote transparency) and the facts of implementation:**
- I. Efforts to strengthen the performance of the board of directors:**
- i. After the approval by the shareholders' annual meeting on May 24, 2016 on the amendment to the Articles of Incorporation, we established the Audit Committee in replace of supervisors.**
  - ii. There are three function committees under the board: the Audit Committee, the Remuneration Committee and the Nomination Committee, to assist the board in fulfilling its duties and responsibilities. Both the Audit Committee and the Remuneration Committee are comprised of the three independent directors. The Nomination Committee is composed of two independent directors and a committee member. All the functional committees report to the board of directors on a regular basis.**
  - iii. We were ranked as top 5% in 2016 by the Third Corporate Governance Evaluation and also were ranked**

as top 5% in 2017 by the Forth Corporate Governance Evaluation among all the companies listed on the Taiwan Stock Exchange.

## II. Evaluation of the implementation:

In accordance with Article 37 of the “Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies”, the Company duly enacted the “Regulations Governing Evaluation of Performance of Board of Directors”. In 2016, the Company conducted self-evaluation on the composition and structure of the board of directors, election of directors and independent directors, organization and continued higher training programs for functional committees, extent of participate in the Company’s business operation, corporate governance and corporate social responsibility, internal control system, business performance and the like. The self-evaluation results were submitted to the board of directors on February 26, 2018. The Regulations Governing Evaluation of Performance of Board of Directors and the evaluation results on the board’s performance are disclosed at the section of Corporate Governance on our official website at <http://www.voltronicpower.com.tw>.

## III. Overall capabilities the board of directors should be equipped with

| Director's name  | Sex    | Compliance         |                                   |                     |                   |                    |                       |            |                            |
|--|--------|--------------------|-----------------------------------|---------------------|-------------------|--------------------|-----------------------|------------|----------------------------|
|  |        | Business judgement | Accounting and financial analysis | Business management | Crisis management | Industry knowledge | International outlook | Leadership | Decision-making capability |
| Hsieh Chuo-Ming  | Male   | V                  | V                                 | V                   | V                 | V                  | V                     | V          | V                          |
| Representative of Open Great International Investment Limited<br>Company: Chen Tsui-Fang | Female | V                  | V                                 | V                   | V                 | V                  | V                     | V          | V                          |
| FSP Group Representative of RPS S.P.A:<br>Roberto Facci                                  | Male   | V                  | V                                 | V                   | V                 | V                  | V                     | V          | V                          |
| Representative: Cheng Ya-Jen   | Male   | V                  | V                                 | V                   | V                 | V                  | V                     | V          | V                          |
| Lee Chien-Jan  | Male   | V                  | V                                 | V                   | V                 | *                  | V                     | V          | V                          |
| Hsu Chun-An  | Male   | V                  | V                                 | V                   | V                 | *                  | V                     | V          | V                          |
| Yang Ching-Hsi   | Male   | V                  | V                                 | V                   | V                 | *                  | V                     | V          | V                          |

Note: \* refers to partially equipped

## Audit Committee

Audit Committee form another of the two core institutions in Voltronic Power’s corporate governance organizational structure, also referred to as Those Charged With Governance (TCWG) in the new Auditor's Report.

In the shareholders' meeting convened on May 24, 2016, making alterations of the Articles of Incorporation, established an Audit Committee in lieu of supervisors. The Audit Committee was composed of the entire number of independent directors : Lee Chien-Jan, Hsu Chun-An, Yang Ching-His, who all are independent directors

also are Non-Executive Directors. Lee Chien-Jan was elected as the convener and meeting chair by the entire membership of the Audit Committee.

#### Information on Members of the Audit Committee

| Identity   | Terms<br>Names | Meet one of the following professional qualification requirements, together with at least five years' work experience : |     |       | Independence Information |   |   |   |   |   |   |   | Number of the other public companies concurrently serves as an Independent Director. | Remarks |
|--|----------------|---|-----|-------|--------------------------|---|---|---|---|---|---|---|--|---------|
|  |                | One   | Two | Three | 1                        | 2 | 3 | 4 | 5 | 6 | 7 | 8 |  |         |
| Independent Director   | Lee Chien-Jan  | ✓   | —   | —     | ✓                        | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Nil  | N/A     |
| Independent Director   | Hsu Chun-An    | —   | —   | ✓     | ✓                        | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2  | N/A     |
| Independent Director   | Yang Ching-Hsi | ✓   | —   | —     | ✓                        | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2  | N/A     |
| <p><b>One :</b> An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university.</p> <p><b>Two :</b> A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.</p> <p><b>Three :</b> Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.</p> |                |   |     |       |                          |   |   |   |   |   |   |   |  |         |

Note 1: The re-election of and selection during the General Meeting of Shareholders held on June 30, 2015.

Note 2: Please tick with ✓ mark in the boxes below where the Remuneration Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

1. Not an employee of the company or any of its affiliated enterprises.
2. Not a director or supervisor of the company or any of its affiliated enterprises. However, it does not apply in cases where the person is an independent director of the company, its parent company or any subsidiary in which the company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
4. Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree, of any of the persons specified in the preceding three notes.
5. Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5% or more of the total number of issued shares of the Company or that holds shares ranked as top 5 in shareholding.
6. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business relationship with the Company.
7. Not as a professional individual nor an owner, partner, director, supervisor, manager or their spouses of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, accounting or consultation services to the company or its affiliated enterprises.
8. Not been a person or any conditions defined in Article 30 of the Company Act.

**The Powers of the Audit Committees are as follows :**

- 1 、 Powers conferred by the Laws to be exercised by supervisors, shall be exercised by the Audit Committee by resolution adopted with the approval of one-half or more of the entire membership of the Audit Committee :**
  - (1) Supervisors shall supervise the execution of business operations of the company, and may at any time or from time to time investigate the business and financial conditions of the company, examine the accounting books and documents, and request the board of directors or managerial personnel to make reports thereon. Supervisors of a company may attend the meeting of the board of directors to their opinions.**
  - (2) In case the board of directors or any director commits any act, in carrying out the business operations of the company, in a manner in violation of the laws, regulations, the Articles of Incorporation or the resolutions of the shareholders' meeting, the supervisors shall forthwith advise, by a notice, to the board of directors or the director, as the case may be, to cease such act.**
  - (3) Supervisors shall audit the various statements and records prepared for submission to the shareholders' meeting by the board of directors, and shall make a report of their findings and opinions at the meeting of shareholders.**
  - (4) The supervisors may, for the benefit of the company, call a meeting of shareholders when it is deemed necessary.**
- 2 、 The following matter, which shall be subject to the consent of one-half or more of all Audit Committee members and be submitted to the Board of Directors for a resolution: Annual Financial Reports.**
- 3 、 The following matters, which shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution ; but any following matter that has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors :**
  - (1)Adoption or amendment of an internal control system.**
  - (2)Assessment of the effectiveness of the internal control system.**
  - (3)Adoption or amendment, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.**
  - (4)A matter bearing on the personal interest of a director.**

- (5) A material asset or derivatives transaction.**
- (6) A material monetary loan, endorsement, or provision of guarantee.**
- (7) The offering, issuance, or private placement of any equity-type securities.**
- (8) The hiring or dismissal of an attesting CPA, or the compensation given thereto.**
- (9) The appointment or discharge of a financial, accounting, or internal auditing officer.**
- (10) Any other material matter so required by the company or the Competent Authority.**

The Audit Committee is responsible for overseeing Voltronic Power's and the Group's financial reporting process. And since the implementation of the New Audit Report began, the Certified Public Accountants (CPAs) shall communicate with Those Charged With Governance (TCWG, the Audit Committee) the following matters :

- 1 、 The CPAs communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that they identify during their audit.**
- 2 、 The CPAs also provide the Audit Committee with a statement that they have complied with relevant ethical requirements regarding independence, and to communicate with the Audit Committee all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.**
- 3 、 From the matters communicated with the Audit Committee, the CPAs determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2016 and are therefore the Key Audit Matters (KAMs) . The CPAs describe these matters in their auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the CPAs determine that a matter should not be communicated in their report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.**

Voltronic Power's independent directors all with professional background and most are also engaged in the professional field, and adherence to the provisions of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE / GTSM Listed Companies" to take part in the related study course and take the proof document.

The Audit Committee convened five meetings in 2017 (A). The attendance of independent directors was shown below:

| Title                | Name           | Times of Attendance in Person (B) | Times of Attendance by Proxy | Actual attendance ratio (%) (B/A) (Note) | Remark |
|----------------------|----------------|-----------------------------------|------------------------------|--|--------|
| Independent director | Lee Chien-Jan  | 5                                 | 0                            | 100%                                     | —      |
| Independent director | Hsu Chun-An    | 5                                 | 0                            | 100%                                     | —      |
| Independent director | Yang Ching-Hsi | 5                                 | 0                            | 100%                                     | —      |

Note: After the approval by the shareholders' meeting on May 24, 2016, we established Audit Committee in replace of supervisors.

Other entries as required:

1, In the event of the following circumstances, dates, No. of meetings, proposals, resolutions from the Audit Committee and the company's response to the opinion of the Audit Committee should be noted:

(1) Any issues listed in Article 14-5 of the Securities and Exchange Act

| Date       | Term   | Proposal   | Resolutions from the Audit Committee and the Company's response to such opinions of the Audit Committee   |
|------------|--|--|---|
| 02/24/2017 | The 11 <sup>th</sup> meeting of Session Four | Approval of self-evaluation results  | Resolutions from the Audit Committee: unanimous consent from all the committee members present on February 24, 2017.<br>The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 11 <sup>th</sup> board of directors meeting of Session Four. |
| 05/04/2017 | The 12 <sup>th</sup> meeting of Session Four | 1. The personnel regulated under the independence in the Certified Public Accountant Office have duly complied with the professional ethics and have duly issued the independence declaration reports.<br>2. Approval of the credit line for Company's lending of working capital to subsidiary(ies) | Resolutions from the Audit Committee: unanimous consent from all the committee members present on May 4, 2017.<br>The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 12 <sup>th</sup> board of directors meeting of Session Four.       |
| 08/10/2017 | The 14 <sup>th</sup> meeting of Session Four | Approval of the credit line for Company's lending of working capital to subsidiary(ies)  | Resolutions from the Audit Committee: unanimous consent from all the committee members present on August 10, 2017.<br>The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 14 <sup>th</sup> board of directors meeting of Session Four.   |
| 09/28/2017 | The 15 <sup>th</sup>                         | 1. Approval of the partial amendment   | Resolutions from the Audit Committee:   |



|            |  |   |  |
|------------|--|---|--|
|            | meeting of Session Four                      | to the Company's "Internal Control System"<br>2. Approval of leasehold for the plants and offices                             | unanimous consent from all the committee members present on September 28, 2017.<br>The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 15 <sup>th</sup> board of directors meeting of Session Four.                                     |
| 11/08/2017 | The 16 <sup>th</sup> meeting of Session Four | 1. Approval of the Company's audit plan of Year 2018<br>2. Approval of newly increased investment in subsidiary(ies) in China | Resolutions from the Audit Committee: unanimous consent from all the committee members present on November 8, 2017.<br>The Company's response to the opinion from the Audit Committee: Duly posed to and unanimously resolved by all present directors in the 16 <sup>th</sup> board of directors meeting of Session Four. |

(2) In addition to the above matters, other matters not approved by the Audit Committee but agreed by at least two thirds of the board: none

2, Please provide the names of the independent directors concerned, proposals, reasons to avoid discussion/voting and participation in voting for the issues the independent directors should avoid due to conflict of interest: none

3, Communication among independent directors, internal auditors and CPAs (including the issues associated with company financials and businesses, communication methods and results):

(1) The Company Audit Committee and internal auditors maintain good communication. If any special circumstances arise, internal auditors report to the Audit Committee immediately. No special circumstances occurred in 2017.

(2) The CPAs communicate with the Audit Committee in the quarterly meetings regarding the auditing or reviewing of the quarterly financial reports, and the issues in relation to laws and regulations. If any special circumstances arise, CPAs report to the Audit Committee promptly. No special circumstances occurred in 2017.

(3) Communication among independent directors, internal auditors and CFAs is shown as the following table:

| Date       | Key issues   | Results  |
|------------|--|--|
| 02/24/2017 | Explanation by the auditors about the results of their self-evaluation of the internal evaluation.   | All the attendees agreed unanimously.<br>CPAs discussed and explains the issues raised by meeting attendees. |
| 05/04/2017 | Report by the Certified Public Accountants about the progress of review over the Company's Financial Statements in Quarter I, Year 2017<br>Review over the independence of the Certified Public Accountants. | CPAs discussed and explains the issues raised by meeting attendees.  |
| 08/10/2017 | Report by the Certified Public Accountants about the progress of review over the Company's Financial Statements in Quarter II, Year 2017<br>Explanation and proposals by the Certified Public                | CPAs discussed and explains the issues raised by meeting attendees.  |



|            |  |   |
|------------|--|---|
|            | Accountants about lending of funds inside the Group (among subsidiaries).  |   |
| 09/28/2017 | Explanation by the auditors about amendment to the Internal Control System.  | All the attendees agreed unanimously.                               |
| 11/08/2017 | Explanation by the auditors about the annual audit plans.  | All the attendees agreed unanimously.                               |
| 11/08/2017 | Report by the Certified Public Accountants about the review of the Company's Financial Statements as of Quarter III, Year 2017.<br>Explanations and proposals by the Certified Public Accountants regarding the newly incorporated subsidiaries inside the Group.<br>Explanation and proposals by the Certified Public Accountants about lending of funds inside the Group (among subsidiaries).<br>Explanation by the Certified Public Accountants about the latest update of stock & securities control related laws.<br>Explanation by the Certified Public Accountants about the latest update of taxation related laws and taxation issues. | CPAs discussed and explains the issues raised by meeting attendees. |

## Remuneration Committee

### Members of the Remuneration Committee :

Voltronic Power's Remuneration Committee is comprised three members, independent director Mr. Lee Chien-Jan, independent director Mr. Hsu Chun-An, and independent director Yang Ching-Hsi who were appointed as the members of the Remuneration Committee by resolution of the board of directors, then independent director Mr. Lee Chien-Jan was elected as the convener and meeting chairman by and from among the entire membership of the Remuneration Committee.

### Information on Members of the Remuneration Committee

| Identity             | <div>Terms</div> <div>Names</div> | Meet one of the following professional qualification requirements, together with at least five years' work experience : |     |       | Independence Information |   |   |   |   |   |   |   | Number of the other public companies concurrently serves as a member of the Remuneration Committee. | Remarks |
|----------------------|-----------------------------------|---|-----|-------|--------------------------|---|---|---|---|---|---|---|---|---------|
|                      |                                   | One   | Two | Three | 1                        | 2 | 3 | 4 | 5 | 6 | 7 | 8 |   |         |
| Independent Director | Lee Chien-Jan                     | ✓   | —   | —     | ✓                        | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 1   | N/A     |
| Independent Director | Hsu Chun-An                       | —   | —   | ✓     | ✓                        | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2   | N/A     |
| Independent Director | Yang Ching-Hsi                    | ✓   | —   | —     | ✓                        | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2   | N/A     |

- One :** An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university.
- Two :** A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.
- Three :** Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.

**Note 1:** The re-election of and selection during the General Meeting of Shareholders held on June 30, 2015.

**Note 2:** Please tick with  $\checkmark$  mark in the boxes below where the Remuneration Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

1. Not an employee of the company or any of its affiliated enterprises.
2. Not a director or supervisor of the company or any of its affiliated enterprises. However, it does not apply in cases where the person is an independent director of the company, its parent company or any subsidiary in which the company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
4. Not a spouse, relative within the second-degree relatives, or lineal relative within the third degree, of any of the persons specified in the preceding three notes.
5. Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5% or more of the total number of issued shares of the Company or that holds shares ranked as top 5 in shareholding.
6. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business relationship with the Company.
7. Not as a professional individual nor an owner, partner, director, supervisor, manager or their spouses of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, accounting or consultation services to the company or its affiliated enterprises.
8. Not been a person or any conditions defined in Article 30 of the Company Act.

**Information on Facts of Performance of the Remuneration Committee**

- 1, The Remuneration Committee of the Company is comprised three members.
- 2, Committee members' tenure of their current term: From June 30, 2015 to June 29, 2018, and the Remuneration Committee held three meetings in 2017, the most recent year (A), and members' qualifications and their attendance are given as bellows:

| Title                        | Name          | Times of Attendance in Person (B) | Times of Attendance by Proxy | Actual Attendance Ratio (%) (B/A) | Remarks |
|------------------------------|---------------|-----------------------------------|------------------------------|-----------------------------------|---------|
| Convener / Commission member | Lee Chien-Jan | 3                                 | 0                            | 100%                              | —       |

|                   |                |   |   |      |   |
|-------------------|----------------|---|---|------|---|
| Commission member | Hsu Chun-An    | 3 | 0 | 100% | — |
| Commission member | Yang Ching-Hsi | 3 | 0 | 100% | — |

Other matters to be noted in the meeting minutes:

- 1, If the board of directors refuses to accept or modify suggestions of the Remuneration Committee, the meeting date, session, agenda content, results resolved by the board of directors, and the Company's treatment of opinion of the Remuneration Committee should be clearly stated (such as the remuneration passed by the Board of Directors are superior to that suggested by the Remuneration Committee that the discrepancy and reasons shall be specified): Nil
- 2, If the members have opposite opinion or reservations against the resolution of the Remuneration Committee and the opinion or reservations have been recorded or documented, the meeting date, session, agenda content, the opinion of all members of the Remuneration Committee, and the treatment of the members' opinion should be clearly stated : Nil

## Nomination Committee

### Information on members of the Nomination Committee

| Identity             | Terms<br>Names | Meet one of the following professional qualification requirements, together with at least five years' work experience : |     |       | Independence Information |   |   |   |   |   |   |   | Number of the other public companies concurrently serves as a an Independent Director. | Remarks |
|----------------------|----------------|---|-----|-------|--------------------------|---|---|---|---|---|---|---|--|---------|
|                      |                | One   | Two | Three | 1                        | 2 | 3 | 4 | 5 | 6 | 7 | 8 |  |         |
| Independent Director | Lee Chien-Jan  | ✓   | —   | —     | ✓                        | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | Nil  | N/A     |
| Independent Director | Hsu Chun-An    | —   | —   | ✓     | ✓                        | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2  | N/A     |
| member               | Liao Kuei-Fang | —   | ✓   | —     | ✓                        | — | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 2  | N/A     |

One : An instructor in or a higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or a private junior college, college, or university.

Two : A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.

Three : Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.

Note : Please tick with ✓ mark in the boxes below where the Remuneration Committee members prove to have met with the conditions enumerated below in two years before being appointed and during their tenure of office

1. Not an employee of the company or any of its affiliated enterprises.
2. Not a director or supervisor of the company or any of its affiliated enterprises. However, it does not apply in cases where the person is an independent director of the company, its parent company or any subsidiary in which the company holds, directly or indirectly, more than 50% of the voting shares.
3. Not a natural person shareholder who holds shares, together with those held by the person's spouse, minority or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding share of the company or rank as top-10 shareholders.
4. Not a spouse, relative within the second-degree relatives, or lineal relative within the third

degree, of any of the persons specified in the preceding three notes.

5. Not a director, supervisor, or employee of a juristic person shareholder that directly holds 5% or more of the total number of issued shares of the Company or that holds shares ranked as top 5 in shareholding.
6. Not a director, supervisor, manager, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business relationship with the Company.
7. Not as a professional individual nor an owner, partner, director, supervisor, manager or their spouses of a sole proprietorship, partnership, company, or institution providing commercial, legal, financial, accounting or consultation services to the company or its affiliated enterprises.
8. Not been a person or any conditions defined in Article 30 of the Company Act.

#### **Responsibilities of the Nomination Committee:**

- 1 、 The Nomination Committee formulates the diversity and independence requirements for the professional knowledge, competences, experience and gender profile of the board members and senior managers, so that our company can identify, review and nominate the candidates for board directors and senior managers.
- 2 、 The Nomination Committee constructs and develops the organizational structure of the board and different functional committees, reviews the performance of the board, functional committees, board directors and senior managers, and evaluates the independence of independent directors.
- 3 、 The Nomination Committee establishes and regularly reviews the training and education programs for board directors and the succession plan for board directors and senior managers.

#### **Functioning of the Nomination Committee**

The Nomination Committee is comprised of three members. The tenure of this current term starts from November 12, 2015 and ends on June 29, 2018. The Nomination Committee did convene meetings twice starting from November 12, 2015 as of the present date (A). The list of the member's attendance is as follows:

| Title                           | Name           | Times of Attendance in Person (B) | Times of Attendance by Proxy | Actual Attendance Ratio (%) (B/A) | Remarks |
|---------------------------------|----------------|-----------------------------------|------------------------------|-----------------------------------|---------|
| Convener / Independent Director | Lee Chien-Jan  | 2                                 | 0                            | 100%                              | —       |
| Independent Director            | Hsu Chun-An    | 2                                 | 0                            | 100%                              | —       |
| Commission member               | Liao Kuei-Fang | 2                                 | 0                            | 100%                              | —       |

#### **Internal Control**

For purpose of promoting sound operations of the company, Voltronic Power in accordance with " Regulations Governing Establishment of Internal Control Systems by Public Companies", considered the company overall operating activities, designed and established internal control system, passed by the board of directors, so as to reasonably ensure that the following objectives are achieved : 1, Effectiveness and efficiency of operations, 2, Reliability, timeliness, transparency, and regulatory compliance of reporting, 3, Compliance with applicable laws, regulations, and bylaws.

The Auditor Office which has been established in accordance with regulations, is responsible for the effective and comprehensive execution of the company's internal control system, conducts continuous and project supervisory audits. The Auditor Office should formulate annual audit plans, passed by the board of directors, then to implement. After having presented the audit reports, should submit the same for review by the supervisors also by the independent directors. The internal audit officer shall also attend and deliver a report and report the implementation of internal audit to the regular board of directors meeting.

In the implementation of the internal control system, Voltronic Power did not encounter materially defective issues in the internal control system in 2017. Audit plans and audit results had been uploaded to a public website, to achieve the transparency of the company's information.

**Voltronic Power Technology Corp. Declaration of Internal Control System**

**Date: February 26, 2018**

Over the Company's internal control system of 2016, based on the results of our self-evaluation, we'd hereby like to declare enumerated below:

- 1, Here at the Company, we confirm full awareness that implementation and maintenance of the internal control system are the inherent responsibility of the Company's board of directors and managers. The Company has duly set up such internal control system in an attempt to provide rational assurance of the effect and efficiency of the business operation (including profitability, performance and assurance of the safety of assets), reliability of reports, timeliness, transparency and accomplishment of the compliance targets on related requirements, laws and regulations.
- 2, Internal control system is subject to inherent restriction, disregarding how sound it has been designed. Effective internal control system could only provide rational assurance for accomplishment of the three aforementioned targets. Besides, in line with the changes in circumstances and environments,

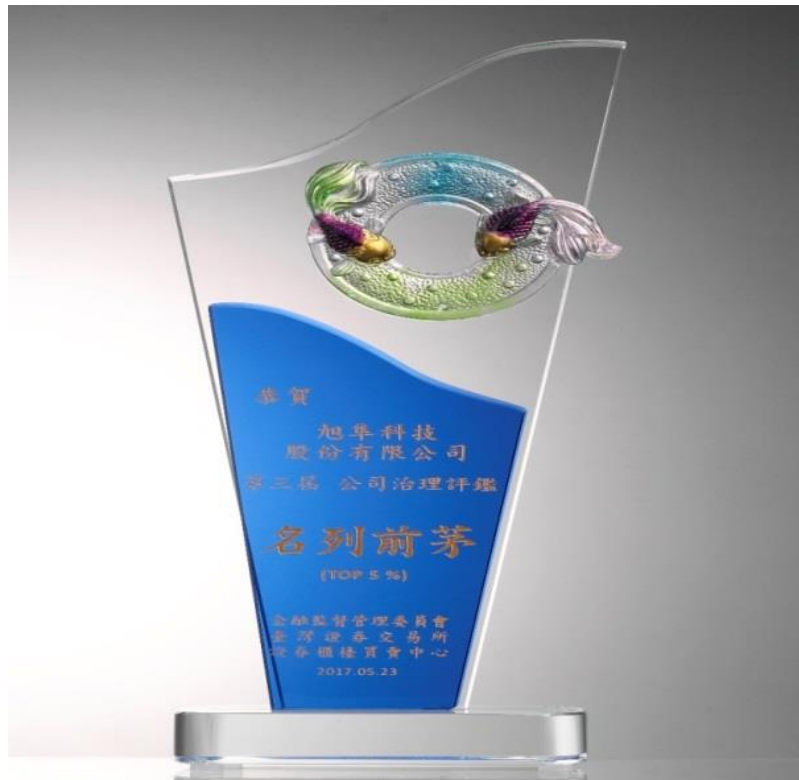
effectiveness of internal control system might change as well. For the Company's internal control system, nevertheless, we have set up sound self-superintendence mechanism. As soon as a defect is identified, the Company would take corrective action forthwith.

- 3, Exactly in accordance with the items of judgments for the effectiveness of the internal control system under "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as "Managerial Regulations"), we duly judge whether the internal control system is effective in design and implementation. The items adopted for aforementioned "Managerial Regulations" for judgment of internal control system are the process for management control. The internal control system is composed of five composition elements: 1) Circumstances of control, 2) Risk evaluation, 3) Control operation, 4) Information and communication, and 5) Superintendence. Each and every composing element includes a certain items. For more details regarding the aforementioned items, please refer to contents of the "Criteria".
- 4, Here at the Company, we have adopted the aforementioned items of judgment over internal control system to evaluate the effectiveness of the design and implementation of the internal control system.
- 5, On the grounds of the results of evaluation in the preceding paragraph, we are confident that the Company's internal control system in design and implementation as of December 31, 2016 (including the superintendence and management over subsidiaries), including the understanding of the results and efficiency of business operation in accomplishment of the targets, reliability of reports, timeliness, transparency and compliance of the relevant laws and regulations are effective and would reasonably assure accomplishment of the aforementioned targets.
- 6, The Declaration will function as the key element of the Company's Annual Report and Prospectus and will be made public externally. In the event that the aforementioned made public involve misrepresentation, concealment or such unlawful practice, the Company shall get involved in the legal responsibilities under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- 7, This Declaration has been approved by the Company's board of directors on February 24, 2017. Seven (7) directors were in attendance, none kept objecting opinions, and all directors in attendance hereby state their agreement to the contents of this declaration.

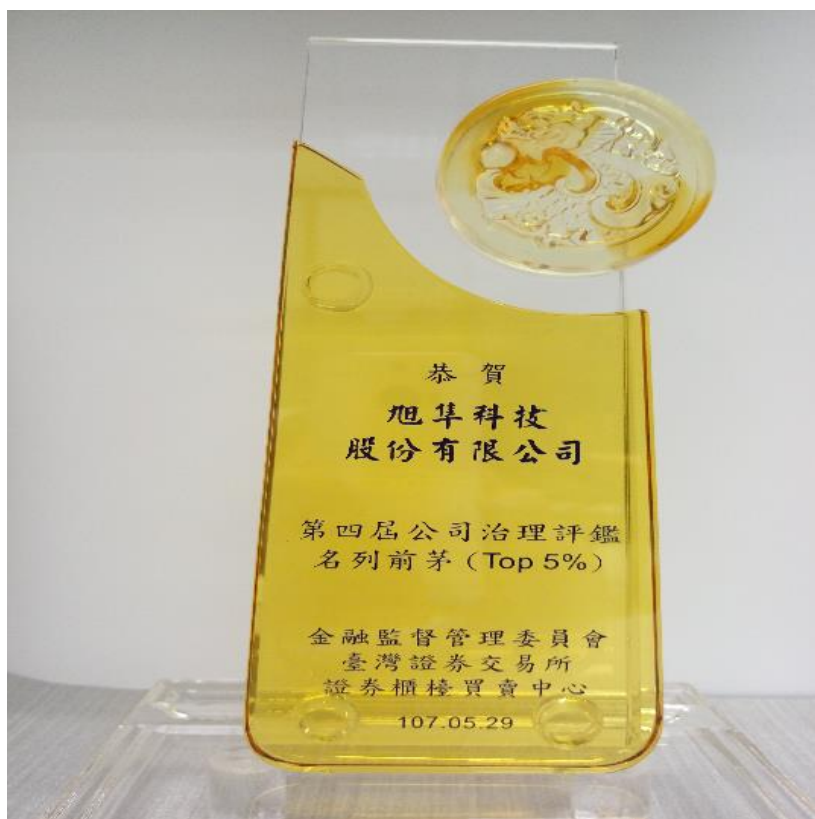
**Voltronic Power Technology Corp.**

**Chairman cum General Manager: Hsieh Juor-Ming**

**Voltronic Power Technology Corp. was ranked as top 5% in 2016 by the Third Corporate Governance Evaluation and also was ranked as top 5% in 2017 by the Forth Corporate Governance Evaluation among all the companies listed on the Taiwan Stock Exchange.**







## **5. Stakeholder engagement**

### **102-40 List of stakeholder groups**

- a. A list of stakeholder groups engaged by the organization.

The stakeholder groups engaged by Voltronic Power are customers, employees, shareholders and providers of capital as well as suppliers.

### **102-41 Collective bargaining agreements**

- a. Percentage of total employees covered by collective bargaining agreements : not applicable.

### **102-42 Identifying and selecting stakeholders**

- a. The basis for identifying and selecting stakeholders with whom to engage.

The basis for identification and selection of stakeholders with whom to engage, Voltronic Power lists all possible stakeholder groups, then excludes that are not applicable, the rest are listed for the Stakeholder Engagement.

| possible stakeholder groups | reasons for exclusion   | stakeholder groups |
|-----------------------------|---|--------------------|
| Civil society               | The Taiwan and China factories of Voltronic Power does not exist "Civil society". | —                  |

|  |  |                                       |
|--|--|---------------------------------------|
| Customers  | —  | Customers                             |
| Employees, other workers, and their trade unions | Voltronic Power only hiring employees, there is no other workers, and the employees does not form trade unions.                                    | Employees                             |
| Local communities                                | Voltronic Power's factories in Taiwan and China all are leased from the industrial districts, abide by those industrial district management codes. | —                                     |
| Shareholders and providers of capital            |  | Shareholders and providers of capital |
| Suppliers  |  | Suppliers                             |

#### **102-43 Approach to stakeholder engagement**

- a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.

#### **102-44 Key topics and concerns raised**

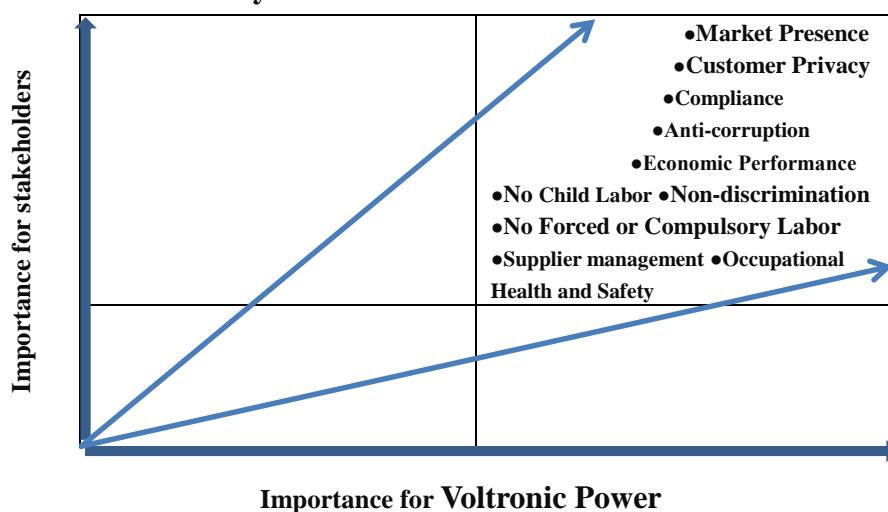
- a. Key topics and concerns that have been raised through stakeholder engagement, including:
- how the organization has responded to those key topics and concerns, including through its reporting;
  - the stakeholder groups that raised each of the key topics and concerns.

| Stakeholder group | Key topics and concerns  | Voltronic's responsibilities  | Communication channels and response methods   |
|-------------------|--|---|---|
| Customers         | <ul style="list-style-type: none"> <li>—Market Presence</li> <li>—Customer Privacy</li> <li>—Non-discrimination</li> <li>—No Forced or Compulsory Labor</li> <li>—No Child Labor</li> <li>—Anti-corruption</li> <li>—Compliance</li> </ul> | <ul style="list-style-type: none"> <li>—Provide high-quality products and services that are the best on the market.</li> <li>—Provide services that include design, manufacturing, logistic support, and comprehensive solutions. Improve level of customer satisfaction.</li> <li>—Establish long-term close relationships with customers based on mutual trust and</li> </ul> | <ul style="list-style-type: none"> <li>—Cooperate with customers' production and environmental, requirements, responsibilities, and inspections. Assist with preventions and improvements.</li> <li>—Train employees and enforce rules for information disclosure when facing the media.</li> </ul> |

|                                       |   |  |  |
|---------------------------------------|---|--|--|
|                                       |   | <p>commercial partnership.</p> <p>— Inform all employees of the need to adhere to confidentiality agreements and principles that should be followed when facing the media.</p>   | <p>— Annual report on corporate social responsibility</p>  |
| Employees                             | <p>— Market Presence</p> <p>— Non-discrimination</p> <p>— No Forced or Compulsory Labor</p> <p>— Occupational Health and Safety</p> <p>— Training and Education</p> <p>— Compliance</p> | <p>— Ensure and respect human rights.</p> <p>— Personnel development.</p> <p>— Legal and fair assessment and treatment.</p> <p>— Safe and healthy working environment.</p> <p>— Personnel welfare and health promotion.</p>  | <p>— Convene supervisor and supervisee communication meetings.</p> <p>— Staff mailbox and message board.</p> <p>— Provide free employee health check.</p> <p>— Annual report on corporate social responsibility</p>  |
| Shareholders and providers of capital | <p>— Market Presence</p> <p>— Economic Performance</p> <p>— Investment</p> <p>— Anti-corruption</p> <p>— Labor/Management Relations</p> <p>— Compliance</p>                             | <p>— Comply with the most updated regulations and policies from competent authorities. Swiftly respond to and adjust corporate information disclosure formats and content to conform to regulatory requirements.</p> <p>— Appropriately provide immediate, concurrent, and accurate company information. Do our best to disclose investment information.</p> <p>— Maintain a long-term and stable dividend policy. Provide appropriate investment returns.</p> <p>— Steadily build company financial strategy. Maintain good company credit and operational performance.</p> | <p>— Annual regular meeting of shareholders.</p> <p>— Take part in Institutional Investor Conference (Take part in Institutional Investor Conference eight times in 2017)</p> <p>— Quarterly financial report and monthly operational information announcements.</p> <p>— Disclose immediate material information on TWSE MOPS as well as the company website.</p> <p>— According to the announcement of material events, in addition to disclose on TWSE MOPS as well as the company website, also depending on the situation requires, occasionally issue press release or convene a press briefing.</p> <p>— Set up email address</p> |

|           |   |   |  |
|-----------|---|---|--|
|           |   |   | <p>and contact phone on company website to establish a smooth communication channel between the investor and the company.</p> <ul style="list-style-type: none"> <li>— Establish a specifically juristic person investors relationship department to hold regular face-to-face communication meetings or telephone conferences with domestic or abroad juristic person Investors.</li> <li>— Annual report on corporate social responsibility</li> </ul> |
| Suppliers | <ul style="list-style-type: none"> <li>— Market Presence</li> <li>— Supplier Environmental Assessment</li> <li>— Supplier Assessment for Labor Practices</li> <li>— Supplier Human Rights Assessment</li> <li>— Compliance</li> </ul> | <ul style="list-style-type: none"> <li>— Legal and fair transactions.</li> <li>— Understanding of environmental safety and health considerations and specification details.</li> <li>— Understand and assist Voltronic with implementation of social responsibility.</li> </ul> | <ul style="list-style-type: none"> <li>— Sign an environmental protection commitment letter.</li> <li>— Request and audit suppliers' products, environment and responsibilities, and cooperate with preventive and continuous improvement.</li> <li>— Annual report on corporate social responsibility</li> </ul>  |

Attention issues materiality matrix

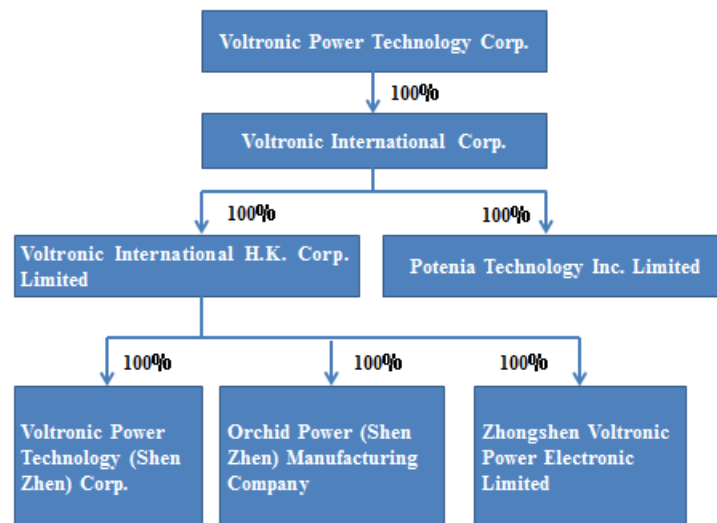


## 6. Reporting practice

#### **102-45 Entities included in the consolidated financial statements**

- a. A list of all entities included in the organization's consolidated financial statements or equivalent documents.
- b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.

All entities of Voltronic Power's consolidated financial statements included as shown in the following figure:



"Voltronic International Corp.", "Voltronic International H.K. Corp. Limited" and "Potenia Technology Inc. Limited" belongs to the investment company, so those entities do not be covered by the report. Zhongshen Voltronic Power Electronic Limited started operation since October 2016, so be included in the report since 2016.

#### **102-46 Defining report content and topic Boundaries**

- a. An explanation of the process for defining the report content and the topic Boundaries.
- b. An explanation of how the organization has implemented the Reporting Principles for defining report content.

Voltronic Power publishes 2017 Annual Corporate Social Responsibility Report (disclosure period from January 1 to December 31, 2017), for the GRI 2016 Standard Disclosures (including both General Standard Disclosures and Specific Standard Disclosures) of this report are in accordance with "Core Option". Therefore, in accordance with "Core Option", that should be disclosure aspects and boundaries, Voltronic Power firstly identified and selected stakeholders groups, excluding related aspects and boundaries of the not applicable

stakeholders groups (Voltronic Power's factories that in Taiwan Region and China Region all are leased from the industrial districts, abide by those industrial district management approaches, therefore, stakeholder group "Local communities" is not applicable to Voltronic Power. The Taiwan and China factories does not exist "Civil society", therefore, stakeholder group "Civil society" is not applicable to Voltronic Power.), the remaining other aspects and boundaries, Voltronic Power gives to expose, and Voltronic Power gives the same attention, there is no special preference or special arrangement in order of priority.

#### **102-47 List of material topics**

**a. A list of the material topics identified in the process for defining report content.**

| Category | Economic                         |   | Environmental                 |                             |
|----------|----------------------------------|---|-------------------------------|-----------------------------|
| Aspects  | ●Economic Performance            |   | ●Materials                    |                             |
|          | ●Market Presence                 |   | ●Energy                       |                             |
|          | ●Indirect Economic Impacts       |   | ●Water                        |                             |
|          | ●Procurement Practice            |   | ●Biodiversity                 |                             |
|          | ●Anti-corruption                 |   | ●Emissions                    |                             |
|          | ●Anti-competitive Behavior       |   | ●Effluents and Waste          |                             |
|          |                                  |   | ●Environmental Compliance     |                             |
|          |                                  | ●Supplier Environmental Assessment                |                               |                             |
| Category | Social                           |   |                               |                             |
| Aspects  | ●Employment                      | ●Non-discrimination                               | ●Rights of Indigenous Peoples | ●Customer Health and Safety |
|          | ●Labor/Management Relations      | ●Freedom of Association and Collective Bargaining | ●Human Rights Assessment      | ●Marketing and Labeling     |
|          | ●Occupational Health and Safety  | ●Child Labor                                      | ●Supplier Social Assessment   | ●Customer Privacy           |
|          | ●Training and Education          | ●Forced or Compulsory Labor                       | ●Public Policy                | ●Socioeconomic Compliance   |
|          | ●Diversity and Equal Opportunity | ●Security Practices                               |                               |                             |

#### **102-48 Restatements of information**

**a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.**

Voltronic Power did not carry out mergers or acquisitions, and did not change the base years or periods neither the nature of the business nor measurement methods. The reporting principles and standard disclosures of 2015 and 2016 reports are in accordance with the G4 (Fourth Generation ) Sustainability Reporting Guidelines published by the Global Reporting Initiative(GRI),and the

standard disclosures of this report are in accordance with "Core Option". The reporting principles and standard disclosures of 2017 report are in accordance with the GRI (Global Reporting Initiative) Standards 2016 published by the Global Sustainability Standards Board (GSSB), and the standard disclosures of the report are in accordance with "Core Option". Therefore, in the 2017 annual report, when it is necessary to disclose the information of 2015 and 2016, those disclosures are also in accordance with GRI Standards 2016. As a result, there is no need to restate the information provided in the 2015 annual corporate social responsibility report (disclosure period from January 1 to December 31, 2015) that published in June 2016, there is also no need to restate the information provided in the 2016 annual corporate social responsibility report (disclosure period from January 1 to December 31, 2016) that published in June 2017.

**In 2018, following the suggestions of investors, we revised some parts of this report to increase information on carbon emissions and waste recovery.**

#### **102-49 Changes in reporting**

- a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.

Compared with the previous report, this report hasn't significant changes from previous reporting periods in the list of material topics and topic Boundaries.

#### **102-50 Reporting period**

- a. Reporting period for the information provided.

The information provided in this report is for the period from January 1 to December 31st, 2017.

#### **102-51 Date of most recent report**

- a. If applicable, the date of the most recent previous report.

Date of most recent previous report is "Annual Report 2016" publishing in June 2017 (the reporting period is from January 1 to December 31, 2016)

#### **102-52 Reporting cycle**

- a. Reporting cycle Reporting cycle.

The reporting cycle is once annual.

#### **102-53 Contact point for questions regarding the report**

- a. The contact point for questions regarding the report or its contents.

The contact point for questions regarding the report or its contents:

Taiwan spokesperson also contact person

Name: Wang Kuo-Chin



**Title: Financial manager Telephone:**

**+886-2-27918296**

**Investor hotline: +886-2-27910054**

**Email: investor@voltronic.com.tw**

**China spokesperson also contact person**

**Name: Jin Zhi-Xin**

**Title: Vice General Manager**

**Telephone: +86-755-86016601**

**Email: investor@voltronic.com.tw**

#### **102-54 Claims of reporting in accordance with the GRI Standards**

**a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either :**

- i .‘This report has been prepared in accordance with the GRI Standards: Core option’;**
- ii .‘This report has been prepared in accordance with the GRI Standards: Comprehensive option’.**

**This report has been prepared in accordance with the GRI Standards: Core option.**

#### **102-55GRI GRI content index**

**a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.**

**b. For each disclosure, the content index shall include:**

- i . the number of the disclosure (for disclosures covered by the GRI Standards);**
- ii . the page number(s) or URL(s) where the information can be found, either within the report or in other published materials ;**
- iii . if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.**

| <b>Table 1 GRI content index</b>  |  |                       |  |
|---|--|-----------------------|--|
| <b>GRI Standard</b><br>[include the title and publication year for each of the GRI Standards used to prepare the report]                    | <b>Disclosure</b><br>[include the number and title for each disclosure made] | <b>Page number(s)</b> | <b>Omission</b><br>[see GRI 101: Foundation for information on reasons for omission] |
| <b>ABOUT THIS REPORT</b>  |  | 1                     |  |
| <b>GRI 101: Foundation 2016</b> [GRI 101 does not include any disclosures]  |  | 3                     |  |
| <b>General Disclosures</b> [the list of general disclosures made, based on the report has been prepared in accordance with the Core option] |  |                       |  |
| <b>GRI 102:General Disclosures 2016</b>   |  | 8                     |  |
|   | 102-1 Name of the organization   | 8                     | [cannot be omitted]  |

|   |  |    |                     |
|---|--|----|---------------------|
| <b>1. Organizational profile</b>                                  | 102-2 Activities, brands, products, and services                                     | 8  | [cannot be omitted] |
|   | 102-3 Location of headquarters   | 8  | [cannot be omitted] |
|   | 102-4 Location of operations   | 8  | [cannot be omitted] |
|   | 102-5 Ownership and legal form   | 9  | [cannot be omitted] |
|   | 102-6 Markets served   | 10 | [cannot be omitted] |
|   | 102-7 Scale of the organization  | 12 | [cannot be omitted] |
|   | 102-8 Information on employees and other workers                                     | 14 | [cannot be omitted] |
|   | 102-9 Supply chain   | 15 | [cannot be omitted] |
|   | 102-10 Significant changes to the organization and its supply chain                  | 16 | [cannot be omitted] |
|   | 102-11 Precautionary Principle or approach   | 16 | [cannot be omitted] |
|   | 102-12 External initiatives  | 18 | [cannot be omitted] |
|   | 102-13 Membership of associations  | 18 | [cannot be omitted] |
| <b>2. Strategy</b>  | 102-14 Statement from senior decision-maker  | 18 | [cannot be omitted] |
| <b>3. Ethics and integrity</b>                                    | 102-16 Values, principles, standards, and norms of behavior                          | 20 | [cannot be omitted] |
| <b>4. Governance</b>  | 102-18 Governance structure  | 34 | [cannot be omitted] |
| <b>5. Stakeholder engagement</b>                                  | 102-40 List of stakeholder groups  | 53 | [cannot be omitted] |
|   | 102-41 Collective bargaining agreements  | 53 | [cannot be omitted] |
|   | 102-42 Identifying and selecting stakeholders  | 53 | [cannot be omitted] |
|   | 102-43 Approach to stakeholder engagement  | 54 | [cannot be omitted] |
|   | 102-44 Key topics and concerns raised  | 54 | [cannot be omitted] |
| <b>6. Reporting practice</b>                                      | 102-45 Entities included in the consolidated financial statements                    | 57 | [cannot be omitted] |
|   | 102-46 Defining report content and topic Boundaries                                  | 57 | [cannot be omitted] |
|   | 102-47 List of material topics   | 58 | [cannot be omitted] |
|   | 102-48 Restatements of information   | 58 | [cannot be omitted] |
|   | 102-49 Changes in reporting  | 59 | [cannot be omitted] |
|   | 102-50 Reporting period  | 59 | [cannot be omitted] |
|   | 102-51 Date of most recent report  | 59 | [cannot be omitted] |
|   | 102-52 Reporting cycle   | 59 | [cannot be omitted] |
|   | 102-53 Contact point for questions regarding the report                              | 59 | [cannot be omitted] |
|   | 102-54 Claims of reporting in accordance with the GRI Standards                      | 60 | [cannot be omitted] |
|   | 102-55 GRI content index   | 60 | [cannot be omitted] |
|   | 102-56 External assurance  | 66 | [cannot be omitted] |
| <b>GRI 103 : Management Approach</b>                              |  |    |                     |
| <b>General requirements for reporting the management approach</b> | 103-1 Explanation of the material topic and its Boundary                             | 67 |                     |
|   | 103-2 The management approach and its components                                     | 68 |                     |
|   | 103-3 Evaluation of the management approach  | 69 |                     |
| <b>ECONOMIC</b>   |  |    |                     |
| <b>GRI 201: Economic Performance</b>                              |  | 70 |                     |
| <b>1. Management approach disclosures</b>                         |  | 70 |                     |
|   | 201-1 Direct economic value generated and distributed                                | 71 |                     |
|   | 201-2 Financial implications and other risks and opportunities due to climate change | 73 |                     |

|  |   |    |  |
|--|---|----|--|
| 2. Topic-specific disclosures              | 201-3 Defined benefit plan obligations and other retirement plans                     | 75 |  |
|  | 201-4 Financial assistance received from government                                   | 76 |  |
| <b>GRI 202 : Market Presence</b>           |   | 77 |  |
| <b>1. Management approach disclosures</b>  |   | 77 |  |
| 2. Topic-specific disclosures              | 202-1 Ratios of standard entry level wage by gender compared to local minimum wage    | 77 |  |
|  | 202-2 Proportion of senior management hired from the local community                  | 78 |  |
| <b>GRI 203 : Indirect Economic Impacts</b> |   | 79 |  |
| <b>1. Management approach disclosures</b>  |   | 79 |  |
| 2. Topic-specific disclosures              | 203-1 Infrastructure investments and services supported                               | 79 |  |
|  | 203-2 Significant indirect economic impacts   | 79 |  |
| <b>GRI 204 : Procurement Practice</b>      |   | 80 |  |
| <b>1. Management approach disclosures</b>  |   | 80 |  |
| 2. Topic-specific disclosures              | 204-1 Proportion of spending on local suppliers                                       | 80 |  |
| <b>GRI 205 : Anti-corruption</b>           |   | 81 |  |
| <b>1. Management approach disclosures</b>  |   | 81 |  |
| 2. Topic-specific disclosures              | 205-1 Operations assessed for risks related to corruption                             | 89 |  |
|  | 205-2 Communication and training about anti-corruption policies and procedures        | 89 |  |
|  | 205-3 Confirmed incidents of corruption and actions taken                             | 90 |  |
| <b>GRI 206 : Anti-competitive Behavior</b> |   | 91 |  |
| <b>1. Management approach disclosures</b>  |   | 91 |  |
| 2. Topic-specific disclosures              | 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 91 |  |
| <b>ENVIRONMENTAL</b>                       |   |    |  |
| <b>GRI 301 : Materials</b>                 |   | 92 |  |
| <b>1. Management approach disclosures</b>  |   | 92 |  |
| 2. Topic-specific disclosures              | 301-1 Materials used by weight or volume  | 92 |  |
|  | 301-2 Recycled input materials used   | 92 |  |
|  | 301-3 Reclaimed products and their packaging materials                                | 92 |  |
| <b>GRI 302 : Energy</b>                    |   | 94 |  |
| <b>1. Management approach disclosures</b>  |   | 94 |  |
| 2. Topic-specific disclosures              | 302-1 Energy consumption within the organization                                      | 94 |  |
|  | 302-2 Energy consumption outside of the organization                                  | 95 |  |
|  | 302-3 Energy intensity  | 95 |  |
|  | 302-4 Reduction of energy consumption   | 95 |  |
|  | 302-5 Reductions in energy requirements of products and services                      | 95 |  |
| <b>GRI 303 : Water</b>                     |   | 98 |  |
| <b>1. Management approach disclosures</b>  |   | 98 |  |
|  | 303-1 Water withdrawal by source  | 98 |  |

|  |   |     |  |
|--|---|-----|--|
| <b>2. Topic-specific disclosures</b>               | 303-2 Water sources significantly affected by withdrawal of water   | 99  |  |
|  | 303-3 Water recycled and reused   | 99  |  |
| <b>GRI 304 : Biodiversity</b>                      |   | 100 |  |
| <b>1. Management approach disclosures</b>          |   | 100 |  |
| <b>2. Topic-specific disclosures</b>               | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside | 101 |  |
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### **102-56 External assurance**

**a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.**

**b. If the report has been externally assured:**

- i . A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;**
- ii . The relationship between the organization and the assurance provider;**
- iii . Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.**

**This report does not require an external assurance.**

**The content of this report is written in traditional Chinese and in English, and deliberates the provisions of "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies", voluntarily disclose the corporate social responsibility report and the link to the file of that report posted on the company's website on the internet information reporting system (Market Observation Post System) designated by TWSE (Taiwan Stock Exchange Corporation) by June 30.**



## **GRI 103 : Management Approach**

### **General requirements for reporting the management approach**

#### **103-1 Explanation of the material topic and its Boundary**

- a. An explanation of why the topic is material.
- b. The Boundary for the material topic, which includes a description of:
  - i . where the impacts occur;
  - ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.
- c. Any specific limitation regarding the topic Boundary.

Voltronic Power publishes 2017 Annual Corporate Social Responsibility Report (disclosure period from January 1 to December 31, 2017), for the GRI 2016 Standard Disclosures (including both General Standard Disclosures and Specific Standard Disclosures) of this report are in accordance with "Core Option". Therefore, in accordance with "Core Option", that should be disclosure aspects and boundaries, Voltronic Power firstly identified and selected stakeholders groups, excluding related aspects and boundaries of the not applicable stakeholders groups (Voltronic Power's factories that in Taiwan Region and China Region all are leased from the industrial districts, abide by those industrial district management approaches, therefore, stakeholder group "Local communities" is not applicable to Voltronic Power. The Taiwan and China factories does not exist "Civil society", therefore, stakeholder group "Civil society" is not applicable to Voltronic Power.), the remaining other aspects and boundaries, Voltronic Power gives to expose, and Voltronic Power gives the same attention, there is no special preference or special arrangement in order of priority.

| Category | Economic                         |   | Environmental                 |                             |
|----------|----------------------------------|---|-------------------------------|-----------------------------|
| Aspects  | ●Economic Performance            |   | ●Materials                    |                             |
|          | ●Market Presence                 | Y   | ●Energy                       |                             |
|          | ●Indirect Economic Impacts       |   | ●Water                        |                             |
|          | ●Procurement Practice            |   | ●Biodiversity                 |                             |
|          | ●Anti-corruption                 |   | ●Emissions                    |                             |
|          | ●Anti-competitive Behavior       |   | ●Effluents and Waste          |                             |
|          |                                  |   | ●Environmental Compliance     |                             |
|          |                                  | ●Supplier Environmental Assessment                |                               |                             |
| Category | Social                           |   |                               |                             |
| Aspects  | ●Employment                      | ●Non-discrimination                               | ●Rights of Indigenous Peoples | ●Customer Health and Safety |
|          | ●Labor/Management Relations      | ●Freedom of Association and Collective Bargaining | ●Human Rights Assessment      | ●Marketing and Labeling     |
|          | ●Occupational Health and Safety  | ●Child Labor                                      | ●Supplier Social Assessment   | ●Customer Privacy           |
|          | ●Training and Education          | ●Forced or Compulsory Labor                       | ●Public Policy                | ●Socioeconomic Compliance   |
|          | ●Diversity and Equal Opportunity | ●Security Practices                               |                               |                             |
|          |                                  |   |                               |                             |

### **103-2 The management approach and its components**

- a. An explanation of how the organization manages the topic.**
- b. A statement of the purpose of the management approach.**
- c. A description of the following, if the management approach includes that component:**
  - i . Policies**
  - ii . Commitments**
  - iii . Goals and targets**
  - iv . Responsibilities**
  - v . Resources**
  - vi. Grievance mechanisms**
  - vii. Specific actions, such as processes, projects, programs and initiatives**

**In view of all other aspects and boundaries except for exclusion, the management approaches are set down according to relevant laws and regulations. See the management approach disclosures of various topics.**

**103-3Evaluation of the management approach**

- a. An explanation of how the organization evaluates the management approach, including:
  - i . the mechanisms for evaluating the effectiveness of the management approach;
  - ii . the results of the evaluation of the management approach;
  - iii . any related adjustments to the management approach.

Annual Corporate Social Responsibility report is prepared to examine the implementation effect of management approach of various topics and, if applicable, to assess and revise management approaches.

## **GRI 201 : Economic Performance**

### **1. Economic Performance**

The Direct economic value generated – Revenues by Voltronic Power in 2015 , 2016 and 2017, were from net sales of recurring operating activities and some from financial investment income. Employee wages and benefits were in accordance with relevant Labor laws and regulations, the measures for performance appraisal. Dividends to all shareholders were in accordance with the dividend policy stipulated in the Articles of Incorporation. Loan interests to all banks were according to the interest rate and terms of the loan contracts. Payments to government subjected to local Government laws and regulations.

Voltronic Power's Employees' compensations, Directors' Compensation and dividends to Shareholders were in accordance with the Articles of Incorporation which enacted according to the Law, and by a resolution adopted by a majority vote at a meeting of Board of Directors otherwise at a meeting of Shareholders . No "Clawback Provision for Executive Compensation" 、no "Change of Control Benefits/Golden Parachute Agreements" 、no "Say On Pay Provision".

Voltronic Power, the offices of Taiwan Region located in industrial district, the offices and factories of China Region also located in industrial districts; in water consumption only for employees living water; and source of greenhouse gas emissions, only the carbon emission amount (CO<sub>2</sub>) generated from outsourcing electric power for the company operating, is a single greenhouse gases (CO<sub>2</sub>) low emission company.

The Climate Change policy of Voltronic Power, is to promote and implement the enterprise "energy saving, carbon reduction, and consumption reduction", also strictly controls the proportion of electricity expenditure to the revenue and the proportion of electricity expenditure to the net profit, increases the revenue and net profit to cover possible increase in electricity costs.

Voltronic Power's pension plans for employees all are defined contribution, subject to the applicable laws and regulations, regularly contribute.

Voltronic Power doesn't receive any financial assistance from Taiwan nor from

China.

## **2. Topic-specific disclosures**

### **201-1 Direct economic value generated and distributed**

a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:

- i. Direct economic value generated: revenues;
- ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
- iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.

b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

Unit: NT \$ thousand

| item   | 2015          |            | 2016          |            | 2017          |            |
|--|---------------|------------|---------------|------------|---------------|------------|
|  | amount        | percentage | amount        | percentage | amount        | percentage |
| Direct economic value generated:<br>Revenues   | 8,121,775     | 100.00%    | 8,163,166     | 100%       | 9,862,230     | 100%       |
| Economic value distributed:  |               |            |               |            |               |            |
| – Operating costs  | ( 5,368,493 ) | ( 66.10% ) | ( 5,353,356 ) | ( 65.58% ) | ( 6,868,618 ) | ( 69.64% ) |
| – Employee wages and benefits  | ( 992,611 )   | ( 12.22% ) | ( 1,087,589 ) | ( 13.32% ) | ( 1,148,858 ) | ( 11.65% ) |
| – Payments to providers of capital<br>( Dividends and Interest )   | ( 1,152,512 ) | ( 14.19% ) | ( 1,180,581 ) | ( 14.46% ) | ( 1,180,326 ) | ( 11.97% ) |
| – Payments to government (Taiwan)  | ( 194,881 )   | ( 2.40% )  | ( 211,020 )   | ( 2.59% )  | ( 133,830 )   | ( 1.36% )  |
| – Payments to government (China)   | ( 209,900 )   | ( 2.58% )  | ( 176,195 )   | ( 2.16% )  | ( 173,165 )   | ( 1.76% )  |
| Economic value retained  | 203,378       | 2.51%      | 154,425       | 1.89%      | 357,433       | 3.62%      |
| 2016 Dividends to shareholders, NT 1,180,581 thousand from the direct economic value : Revenues generated in year 2016, NT 393,527 thousand from the additional paid in capital, totaling NT 1,574,108 thousand. |               |            |               |            |               |            |
| 2017 Dividends to shareholders, NT 1,180,326 thousand from the direct economic value : Revenues generated in year 2017, NT 393,442   |               |            |               |            |               |            |

thousand from the additional paid in capital, totaling NT 1,573,768 thousand.

### **Compilation**

#### **Revenues**

- Net sales equal gross sales from products and services minus returns, discounts, and allowances. ¥
- Revenue from financial investments includes cash received as interest on financial loans, as dividends from shareholdings, as royalties, and as direct income generated from assets (such as property rental) .¥
- Revenues from sale of assets include physical assets (such as property, infrastructure, and equipment) and intangibles (such as intellectual property rights, designs, and brand names).

#### **Operating costs**

- Cash payments made outside the organization for materials, product components, facilities, and services purchased. This includes property rental, license fees, facilitation payments (since these have a clear commercial objective), royalties, payments for contract workers, employee training costs (where outside trainers are used), or employee protective clothing.

#### **Employee wages and benefits**

- Total payroll comprises employee salaries, including amounts paid to government institutions (such as employee taxes, levies, and unemployment funds) on behalf of employees. Non-employees working in an operational role are normally not included here, but rather under operating costs as a service purchased.
- Total benefits include regular contributions (such as to pensions, insurance, company vehicles, and private health), as well as other employee support such as housing, interest free loans, public transport assistance, educational grants, and redundancy payments. They do not include training, costs of protective equipment, or other cost items directly related to the employee's job function.

#### **Payments to providers of capital**

- Dividends to all shareholders
- Interest payments made to providers of loans. This includes interest on all forms of debt and borrowings (not only long-term debt) and also arrears of dividends due to preferred shareholders.

#### **Payments to government**

- All organization taxes (such as corporate, income, property) and related penalties paid at the international, national, and local levels. This figure does not include

deferred taxes because they may not be paid. For organizations operating in more than one country, report taxes paid by country. Report the definition of segmentation used.

**201-2 Financial implications and other risks and opportunities due to climate change**

- a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:
  - i . a description of the risk or opportunity and its classification as either physical, regulatory, or other;
  - ii . a description of the impact associated with the risk or opportunity;
  - iii . the financial implications of the risk or opportunity before action is taken;
  - iv . the methods used to manage the risk or opportunity;
  - v. the costs of actions taken to manage the risk or opportunity.

**Climate Change Opportunities Discussed :**

The Management Discussion and Analysis (MD&A) of Voltronic Power as :

Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders.

The products for reduction of greenhouse gas emissions are PV Inverter. The effects on environmental protection are: Converting the power produced by solar panels to municipal power, through the solar power generation to use and pre-storage power that will be an important key to the future balance of power and power grid.

When the energy supply is becoming more and tenser and the shortage of power supply in power consumption peak, through the PV Inverter energy storage system, priority is given to storing the power in advance when off peak power is used, waiting until peak power consumption to support grid demand. This will reduce the construction of petrochemical power plants and nuclear power plants, and will be the best solution for reducing energy consumption and environmental protection. The 2015 , 2016 and 2017 PV Inverter revenues respectively were about 1 billion 145



million , 939 million and 1 billion 364million.

**Risks of Climate Change Discussed :**

**The Management Discussion and Analysis (MD&A) of Voltronic Power as :**

**The offices of Taiwan Region located in industrial district, the offices and factories of China Region also located in industrial districts; in water consumption only for employees living water; and source of greenhouse gas emissions, only the carbon emission amount (CO<sub>2</sub>) generated from outsourcing electric power for the company operating, is a single greenhouse gases (CO<sub>2</sub>) low emission company. Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders, therefore, on Voltronic Power's R&D and production, there is no direct impact or business risk related to climate change.**

**Taiwan and China all are not the countries or regions that had signed the "Kyoto Protocol", haven't yet joined the worldwide carbon emissions trading system.**

**But, China on December 10, 2014, according to the order of the National Development and Reform Commission of the People's Republic of China, issued the No. 17: "Decided to implement the party's Third Plenary Session of the eighth, Twelfth Five Year Plan Outline and the requirements of the requirements State Council's Twelfth Five Year control of greenhouse gas emissions plan, promote the establishment of a national carbon emissions trading market, we drafted the Carbon Emissions Trading Management Interim Measures. Is now to be released, implement since 30 days after the date of promulgation. "**

**And China signed the United Nations Framework Convention on climate change (UNFCCC) twenty-first conference of the parties (COP21) agreement of the Paris Climate Summit in January 2016. Signatories (global 195 countries) in accordance with their respective proposed " Intended Nationally Determined Contributions " commitment to the goal, under the premise of emission reduction, the pursuit of economic "green growth", has been developed countries (expanded to China, India**

etc. developing countries) . Every year will provide for at least \$100 billion dollars of funds to assist developing countries that to cope the impact of climate change and the effect of greenhouse gas emission reduction by 2020 year. On that time, China may increase electricity prices to cover the sharing assistance funds, and Voltronic Power will strictly control the ratio between electricity expenditure against income and net profit, to increase revenue and profit to defray the possible increase electricity costs.

### **201-3 Defined benefit plan obligations and other retirement plans**

- a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.
- b. If a separate fund exists to pay the plan's pension liabilities:
  - i . the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;
  - ii . the basis on which that estimate has been arrived at;
  - iii . when that estimate was made.
- c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.
- d. Percentage of salary contributed by employee or employer.
- e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.

Voltronic Power's pension plans for employees all are defined contribution, subject to the applicable laws and regulations, regularly contribute, so there is no undefined benefit obligation or retirement plan liabilities.

### **201-4 Financial assistance received from government**

- a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:**
  - i . tax relief and tax credits;**
  - ii . subsidies;**
  - iii. investment grants, research and development grants, and other relevant types of grant;**
  - iv. awards;**
  - v. royalty holidays;**
  - vi. financial assistance from Export Credit Agencies (ECAs);**
  - vii. financial incentives;**
  - viii. other financial benefits received or receivable from any government for any operation.**
- b. The information in 201-4-a by country.**
- c. Whether, and the extent to which, any government is present in the shareholding structure.**

**Voltronic Power doesn't receive any financial assistance from Taiwan nor from China.**

## **GRI 202 : Market Presence**

### **1. Management approach disclosures**

Voltronic Power abides by the local Laws and Regulations of all significant locations of operation, all the entry level employees of the business group, regardless of gender, the ratios of standard entry level wage compared to local minimum wage all are 100% (including) above.

Voltronic Power formulates senior management localized training and development policy, the proportions of senior management hired from the local community at significant locations of operation all are 70% (including) above.

### **2. Topic-specific disclosures**

#### **202-1 Ratios of standard entry level wage by gender compared to local minimum wage**

- a. When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the entry level wage by gender at significant locations of operation to the minimum wage.
- b. When a significant proportion of other workers (excluding employees) performing the organization's activities are compensated based on wages subject to minimum wage rules, describe the actions taken to determine whether these workers are paid above the minimum wage.
- c. Whether a local minimum wage is absent or variable at significant locations of operation, by gender. In circumstances in which different minimums can be used as a reference, report which minimum wage is being used.
- d. The definition used for 'significant locations of operation'.

All the entry level employees of the business group, regardless of gender, the ratios of standard entry level wage compared to local minimum wage all are 100% (including) above.

## **202-2 Proportion of senior management hired from the local community**

- a. Percentage of senior management at significant locations of operation that are hired from the local community.
- b. The definition used for 'senior management'.
- c. The organization's geographical definition of 'local'.
- d. The definition used for 'significant locations of operation'.

The definition of "senior management" used by the business group as "manager" rank (including) above personnel, the proportion of senior management hired from the local community ( the geographical definition of "local" of the business group is according to the nationality ) as following :

| significant locations of operation | 2015 | 2016 | 2017 |
|------------------------------------|------|------|------|
| Taiwan Region                      | 100% | 100% | 100% |
| China Region                       | 85%  | 84%  | 86%  |

## **GRI 203 : Indirect Economic Impacts**

### **1. Management approach disclosures**

Voltronic Power's Taiwan Region Offices located in the industrial district, China Region Offices and Factories also located in the industrial districts, abide by those industrial district management codes, therefore the "local communities" is not the engaged stakeholder group to Voltronic Power, so the issue of development and impact of infrastructure investments and services supported is not applicable to Voltronic Power.

### **2. Topic-specific disclosure**

**203-1 Infrastructure investments and services supported : nil**

**203-2 Significant indirect economic impacts : nil**

## **GRI 204 : Procurement Practices**

### **1. Management approach disclosures**

Voltronic Power, the Taiwan Region's procurement is mainly for services procurement, and the China Region's procurement is mainly for raw materials procurement, the proportions of spending on local suppliers (the geographical definition of "local" of the business group is according to the nationality) all are 80% (including) above.

### **2. Topic-specific disclosures**

#### **204-1 Proportion of spending on local suppliers**

- a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).
- b. The organization's geographical definition of 'local'.
- c. The definition used for 'significant locations of operation'.

Voltronic Power, the Taiwan Region's procurement is mainly for services procurement, and the China Region's procurement is mainly for raw materials procurement, the proportion of spending on local suppliers (the geographical definition of "local" of the business group is according to the nationality) as following :

| significant locations of operation | 2015 | 2016 | 2017 |
|------------------------------------|------|------|------|
| Taiwan Region                      | 100% | 100% | 100% |
| China Region                       | 85%  | 85%  | 84%  |



## **GRI 205 : Anti-corruption**

### **1. Management approach disclosures**

**Voltronic Power requires all employees shall be integrity, in the employment ethical principles enumerate the behaviors that shall be abided by the employees.**

**Those principles, in addition to all the employees shall to comply with, looking forward to the Voltronic Power's customers, suppliers, business partners and other all walks of life that having business contacts, understanding and support.**

**Once found the employees have any possible violation of the employment ethical principles, shall report to the supervisors, if necessary, directly report to the general manager. Employees who denounce any breach behavior of the employment ethical principles and therefore participate in the course of the review, the company shall give them protection to avoid suffering unfair revenge or treatment.**

#### **Avoiding conflicts of interest**

**Employees shall avoid any conflict or possible influence between personal interests and the company interests. Therefore, when employees aware to face the situations, such as: employees or their dependents/next of kin who have employment relationship, direct or indirect financial interest relationship with any Voltronic Power's suppliers, customers or competitors; employees or their dependents/next of kin who engage in activities outside the company caused directly business competition against Voltronic Power; anything that might interfere with employees of their own work and responsibility; without permission to use company's resources to engage in their own activities outside the company; shall immediately take initiative and full report to descript the situations that any personal interests are contradicted with the interests of the company.**

#### **Anti-corruption**

**The company pays attention to employees' loyalty and integrity, the work rules prescribed "employees shall not use their positions to benefit themselves or others;**

shall not on their official duties behaviors or against their official duties behaviors to receive bribes, rebates, gratuities, preferential trading or other unjustifiable interests".

Procurement personnel need to sign the "procurement personnel ethical standards", the procurement employees shall not have the following behaviors:

- 1, Use the position relationship to demand, or to make agreements of, or to receive the bribes, rebates, gratuities, preferential trading or other unjustifiable interests from suppliers.
- 2, To accept free or preferential receptions of food, lodging, transportation, entertainment, travel, excursion or other similar situations which are provided by duty-related suppliers.
- 3, Does not comply with the provisions to handle procurement.
- 4, Hinder the procurement efficiency.
- 5, Waste the company resources.
- 6, To handle procurement iniquitously.
- 7, To leak the procurement information that should be kept secret.
- 8, Use the company's places to earn private interests or use public assets for private purposes.
- 9, Use the duty relationship to fundraise or to engage in business activities.
- 10, Use the knowing of non-public information from the duty to earn private unjustifiable interests.
- 11, During the company's employment period, at the same time hired by the suppliers.
- 12, In the official place to post or hang the suppliers' advertising.
- 13, Use the duty relationship to introduce friends or relatives to serve in the suppliers.
- 14, Use the duty relationship to have the loan or lend relations, or non-publicly traded investment relations with the suppliers.
- 15, Require the suppliers to provide services that are not related to purchasing.

- 16, Entreat or lobby for suppliers.
- 17, For the intention of private unjustifiable interests, to overestimate the budgets, the bottom prices or the payable contract prices, or to make improper planning, design, bidding, comparison and review of bid, decision of bid, compliance management or acceptance.
- 18, By the opportunities of weddings or funerals to claim money or property from the suppliers.
- 19, Engage in the matters or activities whatever are sufficient to affect the dignity of the purchasers or to make common people recognize that may cause to iniquitously perform their duties.
- 20, Other violation of relevant rules or regulations identified by the company's management team.

#### **Commitment Letter of Ethic**

Require the certain and above level employees to sign the "Commitment Letter of Ethic ":

I \_\_\_\_\_ full know that: the healthy and orderly supply- purchase relationship is the basis to implement win-win between the company and suppliers. Especially on the anti commercial bribery to act in accordance with the regulations and rules, to make the following commitments and guarantees:

- 1, In business contacts with or in dealing with the suppliers, not in any active or passive form to the relevant personnel (including suppliers' directors, salesmen and their relatives and friends) to claim commercial bribery or rebate behaviors. In this Commitment Letter, the commercial bribery refers to the following acts in order to that the suppliers can sell goods or services or win trading opportunities etc.:
  - 1 ) Under the guise of various names to claim the possessions, including (but not limited to) cash, gifts, to accept the lend in free or in significantly lower than the market rental prices of any equipment, facilities, transport facilities,

housing and other.

- 2) Under the guise of various names to claim the charges, including (but not limited to) banquet, recreational sports & entertainment consumption (such as playing golf, KTV and other), travel, domestic or foreign investigate and so on consumption patterns.
- 3) Under the guise of various names in other way to benefit from the suppliers' related employees, including (but not limited to) receive various benefits, expense reimbursement, lottery activity, gambling deliberately losing and so on ways.

As mentioned above that under the guise of various names, including (but not limited to) under the guise of promotion fees, publicity fees, conference fees, sponsorship fees, investigation fees, research fees, labor service fees, consulting fees, brokerage expenses, commissions, festival red, wedding gifts, bonuses and other various names.

- 4) Except for the acts which in according to commercial practice to receive small advertising gifts or small gifts that printed with the companies' names (the market prices are lower than RMB 200 or NT \$1000).

- 2, The above commitment and assurance, retroactivity.
- 3, If found any other employees of Voltronic Power the behaviors of active extortion or accepting bribes or rebates, please report in accordance with the following contact way. When the report verified, can obtain one-time bonuses for encouragement from the company.

**Taiwan Region**

**General Manager Office: Chen Yi-Ju**

**Email: yvonne@voltronic.com.tw**

**Telephone: +886 227918296 ext 118**

**China Region**

**Vise General Manager: Jin Zhi-Xin**

Email: investor@voltronic.com.tw

Telephone: +86-755-86016601

- 4, If for any reason ever had above non-ethical behaviors, please according to attached list, by the time, places, suppliers, and the equivalent amounts or the actual amounts, to make readme statements.
- 5, If there are bribery facts, but doesn't honestly confess, once verified, I will like to accept three times the amount of involving bribery for the compensation liability, and unconditionally agree that the company reserves the right to pursue legal liability.

**Letter to Suppliers of Ethical Policies**

To : Voltronic Power's suppliers

Since the past, your company has been gracious assistance to Voltronic Power; firstly we take this opportunity to express heartfelt gratitude for your company to continued support our business continuity.

In order to make your company and us to create the business thriving cooperation partnership, we must reiterate the importance of ethical transaction in bilateral business cooperation.

We commit to ensure that the business activities can reflect the core value of ethic, so we resolutely prohibit any corruption, bribery, theft or other activities that to embezzle our property. And equally require the various suppliers and their subcontractors(including personnel assigned by subcontractors, and other subcontractors or personnel assigned to provide services for us or subcontractors) .

We never condone any accepting or giving gifts that can be considered as bribery, or the behaviors of gratuity or entertainment, we also clearly requires the employees (including their family members, relatives and friends) cannot accept such gifts, gratuity or entertainment.

We solemnly inform your company, engage in the behaviors that to offer bribes, to steal, to embezzle our property, or participate in the behaviors that to offer bribes,

to steal, to embezzle our property, all will be regarded as breach of ethic and as the behaviors that seriously damage the cooperation basis between your company and us.

If happens the above situations, we have the rights to stop all cooperation with your company and to reserve the all rights to pursue the legal liability of such actions.

We will confirm our employees fully understand our company's ethical policies and abide by them, but if in the process of cooperation between your company and us, where there are subject to any our employees by using the business opportunities between with the suppliers to threaten your company for the intention to obtain rebates or if found our employees soliciting or accepting bribes or rebates, or if aware of any subcontractors to give our employees bribes or rebates, please contact in the following way to expose. The suppliers that can initiatively expose the bribes or rebates and verified as the true, shall be listed as our preferred suppliers.

If found our employees who had the behaviors that violate our ethical policies, please as soon as send mail to the following address or call the following telephone to let us know the violated behaviors.

**Taiwan Region**

**Supervisor Email: [voltronic@voltronic.com.tw](mailto:voltronic@voltronic.com.tw)**

**General Manager Office: Chen Yi-Ju**

**Email: [yvonne@voltronic.com.tw](mailto:yvonne@voltronic.com.tw)**

**Telephone: +886 227918296 ext 118**

**China Region**

**Vise General Manager: Jin Zhi-Xin**

**Email: [investor@voltronic.com.tw](mailto:investor@voltronic.com.tw)**

**Telephone: +86-755-86016601**

We believe that the ethical policies described in this letter are the important foundation to create mutually beneficial relationship between your company with us, and we are looking forward to the next years, will create closer partnership

between your company with us.

**Supplier Ethical Commitment Letter**

We full know that the healthy and orderly supply- purchase relationship is the basis to implement win-win between your company and us. Especially on the anti commercial bribery and ethical management, to make the following commitments and guarantees:

**1, In business contacts with or in dealing with Voltronic Power, not in any form to offer commercial bribery to the relevant personnel (including your company's in-charge persons, their subordinates, and their relatives and friends). In this Commitment Letter, the commercial bribery refers to the following acts in order to sell goods or services or win trading opportunities etc.:**

- 1) Under the guise of various names to provide the possessions, including (but not limited to) cash, gifts, to provide the lend in free or in significantly lower than the market rental prices of any equipment, facilities, transport facilities, housing and other.**
- 2) Under the guise of various names to provide the charges, including (but not limited to ) banquet, recreational sports & entertainment consumption (such as playing golf, KTV and other), travel, domestic or foreign investigate and so on consumption patterns.**
- 3) Under the guise of various names in other way to make benefits to Voltronic Power's related employees, including (but not limited to) to provide various benefits, expense reimbursement, lottery activity, gambling deliberately losing and so on ways.**

**As mentioned above that under the guise of various names, including (but not limited to) under the guise of promotion fees, publicity fees, conference fees, sponsorship fees, investigation fees, research fees, labor service fees, consulting fees, brokerage expenses, commissions, festival red, wedding gifts, bonuses and other various names.**



- 4) Except for the acts which in according to commercial practice to provide small advertising gifts or small gifts that printed with our name (the market prices are lower than RMB 200 or NT \$1000).
- 2, Be responsible for the behaviors of if using commercial bribery means to Voltronic Power's employees in order to sale goods or services or to win trading opportunities:
  - 1) Double compensation of Voltronic Power's loss amounts.
  - 2) If there is no loss or cannot prove the loss, double compensation of the giving bribe or/and rebate amounts.
  - 3) If that constituted a crime, shall bear legal liabilities in accordance with the laws.
  - 4) Which has entered the judicial criminal investigation period, regarding the not yet settled payment by Voltronic Power, unconditional agrees to suspend payment, in order to cooperate with the judicial investigation. After the end of the judicial investigation, regardless of whether need to pay additional compensations of the verdict, agree the not yet settle payment after reducing above compensations then return the remaining amounts without interest.
- 3, To strengthen our internal employee's management, advocacy to prevent commercial bribery, enforce ethical management. Regarding the commercial bribery clues provided by Voltronic Power to actively cooperate to review. Regarding the verified behaviors, make strict punishment against the perpetrators and the responsible persons, and adjust their positions, no longer hold the positions that related to business cooperation with Voltronic Power.
- 4, The above commitment and assurance, retroactivity.
- 5, If found the employees of Voltronic Power have the behaviors of soliciting or accepting bribes or rebates, or if aware of any subcontractors to give r bribes or rebates to the employees of Voltronic Power, please contact in the following way to expose.

**Taiwan Region**

**General Manager Office: Chen Yi-Ju**

**Email: yvonne@voltronic.com.tw**

**Telephone: +886 227918296 ext 118**

**China Region**

**Vise General Manager: Jin Zhi-Xin**

**Email: investor@voltronic.com.tw**

**Telephone: +86-755-86016601**

- 6, We fully understand the "initiative report, let bygones be bygones" policy of Voltronic Power, if we ever had non-ethical behaviors of non-active willingness, according to the above contact way to report on the first time.

## **2. Topic-specific disclosures**

### **205-1 Operations assessed for risks related to corruption**

- a. Total number and percentage of operations assessed for risks related to corruption.
- b. Significant risks related to corruption identified through the risk assessment.

All of Voltronic Power's operations assessed for risks related to corruption and the significant risk identified is purchasing potential corruption risk.

### **205-2 Communication and training about anti-corruption policies and procedures**

- a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.
- b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.
- c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to,

broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.

d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.

e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.

Voltronic Power's communication and training about anti-corruption policies and procedures are as the management approach disclosures reveal.

**205-3 Confirmed incidents of corruption and actions taken : nil**

## **GRI 206 : Anti-competitive Behavior**

### **1. Management approach disclosures**

The Management Discussion and Analysis (MD&A) of Voltronic Power as : Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders. Do not do self-brand, do not compete with customers, so that there will be no anti-competitive behavior, nor anti-trust, and monopoly behavior.

### **2. Topic-specific disclosures**

**206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices** : nil

## **GRI 301 : Materials**

### **1. Management approach disclosures**

Voltronic Power's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, Voltronic Power offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (automatic voltage regulator), PV inverter. That is to accept the customers' projects, according to customers' requirement, design or assembly products into the finished products, and then transport them to the designated areas of the customers. In the manufacturing of products, the use of batteries, transformers, plastic materials, steel cases and so on raw materials (approximately accounted for 50% of the cost of total raw materials) as well as green packaging materials (including corrugated paper, cardboard, cartons, paper pallets, wood etc., all are recyclable or reusable, no use of ozone depleting substances), all are recyclable, but the recycling behaviors are by the customers.

### **2. Topic-specific disclosures**

#### **301-1 Materials used by weight or volume**

#### **301-2 Recycled input materials used**

#### **301-3 Reclaimed products and their packaging materials**

In the manufacturing of products, the use of batteries, transformers, plastic materials, steel cases and so on raw materials (approximately accounted for 50% of the cost of total raw materials) as well as green packaging materials (including corrugated paper, cardboard, cartons, paper pallets, wood etc., all are recyclable or reusable, no use of ozone depleting substances), all are recyclable, but the recycling behaviors are by the customers.

The Paper Consumption (paper used by the company for printing, packaging, office use, etc.) in China Region and Taiwan Region were :

| Year | China Region | Taiwan Region | Total       | Paper Recycled   |
|------|--------------|---------------|-------------|--|
| 2016 | 3,309,000Kg  | 1,408Kg       | 3,310,408Kg | The actual recovery and recyclable rate was about 90%, 2,979,367 kg. |
| 2017 | 4,149,660Kg  | 1,265Kg       | 4,150,925Kg | The actual recovery and recyclable rate was about 90%, 3,735,832kg.  |

## GRI 302 : Energy

### 1. Management approach disclosures

The energy consumption of Voltronic Power, only is the outsourcing electricity which needed for the company operation, all are local municipal power supply.

| significant locations of operation | 2015          | 2016          | 2017          |
|------------------------------------|---------------|---------------|---------------|
|                                    | kilowatt-hour | kilowatt-hour | kilowatt-hour |
| Taiwan Region                      | 204,865       | 217,375       | 248,529       |
| China Region                       | 9,320,510     | 11,550,637    | 11,576,278    |
| Total                              | 9,525,375     | 11,768,012    | 11,824,807    |

| Locations  | 2015               |                     | 2016                |                     | 2017                |                     |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | Local currency     | Reporting currency  | Local currency      | Reporting currency  | Local currency      | Reporting currency  |
| Taiwan   | NTD 960 thousand   | NTD 960 thousand    | NTD 948 thousand    | NTD 948 thousand    | NTD 1,061 thousand  | NTD 1,061 thousand  |
| China  | RMB 8,324 thousand | NTD 42,369 thousand | RMB 10,207 thousand | NTD 49,473 thousand | RMB 13,845 thousand | NTD 62,839 thousand |
| Total  |                    | NTD 43,329 thousand |                     | NTD50,421thousand   |                     | NTD63,900thousand   |
| 2015annual average RMB@NTD=5.090 ; 2016annual average RMB@NTD=4.847 ; 2017annual average RMB@NTD=4.539 |                    |                     |                     |                     |                     |                     |

### 2. Topic-specific disclosures

#### 302-1 Energy consumption within the organization

The energy consumption of Voltronic Power, only is the outsourcing electricity which needed for the company operation, all are local municipal power supply. The electricity consumption statistics for 2015 , 2016 and 2017 are as follows:

| significant locations of operation | 2015          | 2016          | 2017          |
|------------------------------------|---------------|---------------|---------------|
|                                    | kilowatt-hour | kilowatt-hour | kilowatt-hour |
| Taiwan Region                      | 204,865       | 217,375       | 248,529       |
| China Region                       | 9,320,510     | 11,550,637    | 11,576,278    |
| Total                              | 9,525,375     | 11,768,012    | 11,824,807    |

| Locations  | 2015               |                     | 2016                |                     | 2017                |                     |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | Local currency     | Reporting currency  | Local currency      | Reporting currency  | Local currency      | Reporting currency  |
| Taiwan   | NTD 960 thousand   | NTD 960 thousand    | NTD 948 thousand    | NTD 948 thousand    | NTD 1,061 thousand  | NTD 1,061 thousand  |
| China  | RMB 8,324 thousand | NTD 42,369 thousand | RMB 10,207 thousand | NTD 49,473 thousand | RMB 13,845 thousand | NTD 62,839 thousand |
| Total  |                    | NTD 43,329 thousand |                     | NTD50,421thousand   |                     | NTD63,900thousand   |
| 2015annual average RMB@NTD=5.090 ; 2016annual average RMB@NTD=4.847 ; 2017annual average RMB@NTD=4.539 |                    |                     |                     |                     |                     |                     |



**Voltronic Power didn't use Renewable Energy in manufacturing or operation.**

**Voltronic Power didn't use Coal/Lignite, Natural Gas, Crude Oil/Diesel in manufacturing or operation.**

#### **302-2 Energy consumption outside of the organization**

**Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, occupies the mid-stream in the industrial supply chain, R&D products based on customer order requirements are resold to end-users of downstream industries through customer orders, therefore, Voltronic Power purchasing raw materials from upstream of the industry chain, and then selling the products to customers, does not require additional energy consumption outside of the organization.**

#### **302-3 Reduction of energy consumption**

**The energy consumption of Voltronic Power, only is the outsourcing electricity which needed for the company operation, all are local municipal power supply.**

#### **302-4 Reduction of energy consumption**

**Voltronic Power accepts clients' projects, specializing in the R&D, design and product manufacturing services of UPS, Inverter, and PV Inverter, occupies the mid-stream in the industrial supply chain, to create and maintain a safe and clean environment, products are strictly comply with international environmental laws and regulations to protect the "green earth" as a mission to enhance the efficiency of the use of resources. The operation of Voltronic Power in China Region and Taiwan Region didn't use Renewable Energy, Coal/Lignite, Natural Gas, Crude Oil/Diesel.**

**The greenhouse gas emission of Voltronic Power, only is carbon emission (CO<sub>2</sub>) from the outsourcing electricity which needed for the company operation. Voltronic Power is a single greenhouse gases (CO<sub>2</sub>) low emission company, but still cooperated with local government energy policies and measures and adopted "energy saving, consumption reduction, waste reduction" awareness policy.**

#### **302-5 Reductions in energy requirements of products and services**

**In 2015, 2016 and 2017 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.54%, 0.62% and 0.65%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2015, 2016 and 2017 year, the "energy saving and carbon**

reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue" all achieved.

In 2015, 2016 and 2017 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.68%, 0.78% and 0.85%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2015, 2016 and 2017 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of costs and expenses" all achieved.

In 2015, 2016 and 2017 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 2.58%, 3.00% and 3.49%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2015, 2016 and 2017 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating net profit" all achieved.

The products of Voltronic Power comply with the local product environmental regulation requirements of the customers' region, and actively develop the combination of UPS and green energy applications, to provide more efficient power generation, power protection and power backup, all are important development trends for UPS. To use solar photovoltaic applications in solar energy utilization, power transformation and green building life, in order to convey green energy.

In 2016, Voltronic Power research and development the most new generation Intelligent Solar Inverter–Infini Solar Super 4KW, which can effectively and flexibly use solar energy, city electricity and battery power in different application environments, and achieves the highest efficiency of UPS, and won the 2016 COMPUTEX d&i design awards.

In 2016 and 2017, the sales volume of Voltronic Power provides customers with carbon emission reduction statistics as follows:

#### **Inverter**

| <b>year</b> | <b>Sales Units</b> | <b>Annual power generation/per unit</b> | <b>Total power generation</b> | <b>Each kilowatt-hour corresponds to CO2 (kg)</b> | <b>Reduction of carbon emissions (metric tons)</b> |
|-------------|--------------------|---|-------------------------------|---|--|
| <b>2016</b> | <b>101,128</b>     | <b>4496</b>                             | <b>454,671,488</b>            | <b>0.28307</b>                                    | <b>128,704</b>                                     |
| <b>2017</b> | <b>168,280</b>     | <b>4496</b>                             | <b>756,586,880</b>            | <b>0.28307</b>                                    | <b>214,167</b>                                     |

#### **UPS**

| 2016year |        |             |   |                                      |
|----------|--------|-------------|---|--------------------------------------|
|          | Item   | Sales Units | Carbon reduction per unit - metric tons | Total carbon reduction - metric tons |
| On Line  | 5K 以下  | 358,519     | 0.168                                   | 60,231                               |
|          | 6-10K  | 50,716      | 0.672                                   | 34,081                               |
|          | 11-20K | 7,973       | 1.47                                    | 11,720                               |
|          | >20K   | 4,214       | 4.20                                    | 17,699                               |
| Total    |        |             |   | 123,731                              |
| 2017year |        |             |   |                                      |
|          | Item   | Sales Units | Carbon reduction per unit - metric tons | Total carbon reduction - metric tons |
| On Line  | 5K 以下  | 467,366     | 0.168                                   | 78,517                               |
|          | 6-10K  | 67,411      | 0.672                                   | 45,300                               |
|          | 11-20K | 10,335      | 1.47                                    | 15,192                               |
|          | >20K   | 7,074       | 4.2                                     | 29,711                               |
| Total    |        |             |   | 168,720                              |

In 2016 and 2017, Voltronic Power provides customers with 252,435 and 382,887 tonnes of carbon emission reduction respectively. According to the calculation method of the Energy Bureau of the Ministry of Economy Taiwan, Taiwan's forestry phase can absorb about 20.2 tonnes of Co<sub>2</sub> per hectare per year. Therefore, Voltronic Power's sales volume, providing customers with carbon emission reduction converted into forestry phase are 12,497 hectares (planting 2000 trees per hectare is calculated to be 24,994 thousand trees.) in 2016, and 18,955 hectares (planting 2000 trees per hectare is calculated to be 37,910 thousand trees.) in 2017.

## **GRI 303 : Water**

### **1. Management approach disclosures**

Voltronic Power's offices and factories in Taiwan and China all are leased from industrial district office buildings, and in manufacturing without consumption of water resources (i.e., no industrial water demand), only domestic water demand of employees, and the domestic water sources all are municipal water supply, however the business group still raises all employees' awareness of saving water.

The water supply of industrial district office building in Taiwan Region, is public regional water supply, there is no individual company water meter. In China Region, the annual use of water was 43,633 degrees ( 43.633 thousand cubic meters ) and paid NT \$1,304 thousand water expense of 2015, the annual use of water was 54,545 degrees ( 54.54 thousand cubic meters ) and paid NT \$1,285 thousand water expense of 2016, the annual use of water was 61,606 degrees ( 61.606 thousand cubic meters ) and paid NT \$1,536 thousand water expense of 2017.

### **2. Topic-specific disclosures**

#### **303-1 Water withdrawal by source**

a. Total volume of water withdrawn, with a breakdown by the following sources:

i. Surface water, including water from wetlands, rivers, lakes, and oceans :

nil

ii. Ground water : nil

iii. Rainwater collected directly and stored by the organization : nil

iv. Waste water from another organization : nil

v. Municipal water supplies or other public or private water utilities : All are municipal water supply, The water supply of industrial district office building in Taiwan Region, is public regional water supply, there is no individual company water meter. In China Region, the annual use of water

was 61,606 degrees ( 61.606 thousand cubic meters ) and paid NT \$1,536 thousand water expense of 2017.

b. Standards, methodologies, and assumptions used : not applicable

**303-2 Water sources significantly affected by withdrawal of water : not applicable**

**303-3 Water recycled and reused : not applicable**

## **GRI 304 : Biodiversity**

### **1. Management approach disclosures**

Voltronic Power's offices and factories in Taiwan and China all are leased from industrial district office buildings, and the operation locations all are neither located in, nor adjacent to, protected areas or areas of high biodiversity value outside protected areas, nor habitats protected or restored.

The management policy of Voltronic Power regarding "biodiversity" is: all operational sites shall be set in the "business district" and "industrial district" and so on legitimate district, and prohibit setting in protected areas or areas of high biodiversity value outside protected areas, or habitats protected or restored.

The Green Building Policies of Voltronic Power are :

- 1, Biodiversity policy: operating locations should be located in commercial or industrial areas, and are strictly prohibited in protected areas or other areas of high biodiversity value or protected or restored habitats.
- 2, Green policy: green drainage, green windbreak.
- 3, Base water conservation policy: permeable pavement, landscape storage, seepage pool, storage, infiltration, opens space.
4. Daily energy conservation policy: management of wind direction and airflow, air-conditioning and cooling systems, energy and light sources.
- 5, Carbon dioxide reduction policy: simple architectural modeling and interior decoration, reasonable structure, system and structure lightweight.
6. Waste reduction policy: earthwork balance, construction automation, dry compartment, air pollution prevention and control.
- 7, Water resources policy: water saving equipment, rainwater reuse.
- 8, Sewage and garbage improvement policy: rain diversion of sewage, garbage collection site improvement.
9. Indoor health and environment policy: indoor pollution control, indoor air

purification equipment, floor and basement moisture prevention, noise control and vibration sound control.

## **2. Topic-specific disclosures**

**304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas : nil**

**304-2 Significant impacts of activities, products, and services on biodiversity : not applicable**

**304-3 Habitats protected or restored : not applicable**

**304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations : not applicable**



## GRI 305 : Emissions

### 1. Management approach disclosures

The Emissions Aspect includes Indicators on greenhouse gas (GHG) emissions as well as ozone-depleting substances, NO<sub>x</sub>, SO<sub>x</sub>, and other significant air emissions.

The GHG emissions are based on the reporting requirements of the WRI and WBCSD ‘GHG Protocol Corporate Accounting and Reporting Standard’ (GHG Protocol).

The greenhouse gas emission of Voltronic Power, there are no Direct (Scope 1) GHG emissions, while Indirect (Scope 1) GHG emissions only are carbon emission (CO<sub>2</sub>) from the outsourcing electricity which needed for the company operation. The statistics and calculation of electricity consumption (kilowatt-hour) and carbon emission are as follows :

| Locations  | 2015          |                     | 2016          |                     | 2017          |                     |
|--|---------------|---------------------|---------------|---------------------|---------------|---------------------|
|  | kilowatt-hour | KgCO <sub>2</sub> e | kilowatt-hour | KgCO <sub>2</sub> e | kilowatt-hour | KgCO <sub>2</sub> e |
| Taiwan   | 204,865       | 130,499             | 217,375       | 138,469             | 248,529       | 158,313             |
| China  | 9,320,510     | 8,225,350           | 11,550,637    | 10,193,437          | 11,576,278    | 10,216,065          |
| Total  | 9,525,375     | 8,355,849           | 11,768,012    | 10,331,906          | 11,824,807    | 10,374,378          |
| Carbon emissions from the outsourcing electricity in Taiwan : kgCO <sub>2</sub> /kWh=0.637 |               |                     |               |                     |               |                     |
| Carbon emissions from the outsourcing electricity in China : kgCO <sub>2</sub> /kWh=0.8825 |               |                     |               |                     |               |                     |

| Locations  | 2015               |                     | 2016                |                     | 2017                |                     |
|--|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | Local currency     | Reporting currency  | Local currency      | Reporting currency  | Local currency      | Reporting currency  |
| Taiwan   | NTD 960 thousand   | NTD 960 thousand    | NTD 948 thousand    | NTD 948 thousand    | NTD 1,061 thousand  | NTD 1,061 thousand  |
| China  | RMB 8,324 thousand | NTD 42,369 thousand | RMB 10,207 thousand | NTD 49,473 thousand | RMB 13,845 thousand | NTD 62,839 thousand |
| Total  |                    | NTD 43,329 thousand |                     | NTD50,421thousand   |                     | NTD63,900thousand   |
| 2015annual average RMB@NTD=5.090 ; 2016annual average RMB@NTD=4.847 ; 2017annual average RMB@NTD=4.539 |                    |                     |                     |                     |                     |                     |

In addition, the cost of carbon emissions account for the main operating indicators and the proportion of profit indicators are as follows:

| item                      | 2015                    |       | 2016                  |       | 2017                   |       |
|---------------------------|-------------------------|-------|-----------------------|-------|------------------------|-------|
|                           | Amount                  | CEC@% | Amount                | CEC@% | Amount                 | CEC@% |
| Operating revenue         | NT\$ 8,039,323 thousand | 0.54% | NTD8,120,220 thousand | 0.62% | NTD 9,862,230 thousand | 0.65% |
| Costs and Expenses        | NT\$ 6,361,104 thousand | 0.68% | NTD6,440,945 thousand | 0.78% | NTD7,527,157 thousand  | 0.85% |
| Operating net profit      | NT\$ 1,678,219 thousand | 2.58% | NTD1,679,275 thousand | 3.00% | NTD1,828,597 housand   | 3.49% |
| Operating net profit rate | 20.88%                  |       | 20.68%                |       | 18.45%                 |       |
| Earnings per share        | NT\$19.05               |       | NT\$18.25             |       | NT\$17.46              |       |

According to the above statistics can gather that Voltronic Power is a business growth (operating revenue:NT9,862,230 thousand, NT8,120,220 thousand, NT8,039,323 thousand,)single greenhouse gases (CO<sub>2</sub>) low emission company, but still adopted "energy saving, consumption reduction, waste reduction" awareness policy.

In 2015, 2016 and 2017 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.54%, 0.62% and 0.65%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2015, 2016 and 2017 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue"all achieved.

In 2015, 2016 and 2017 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.68%, 0.78% and 0.85%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2015, 2016 and 2017 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of costs and expenses "all achieved.

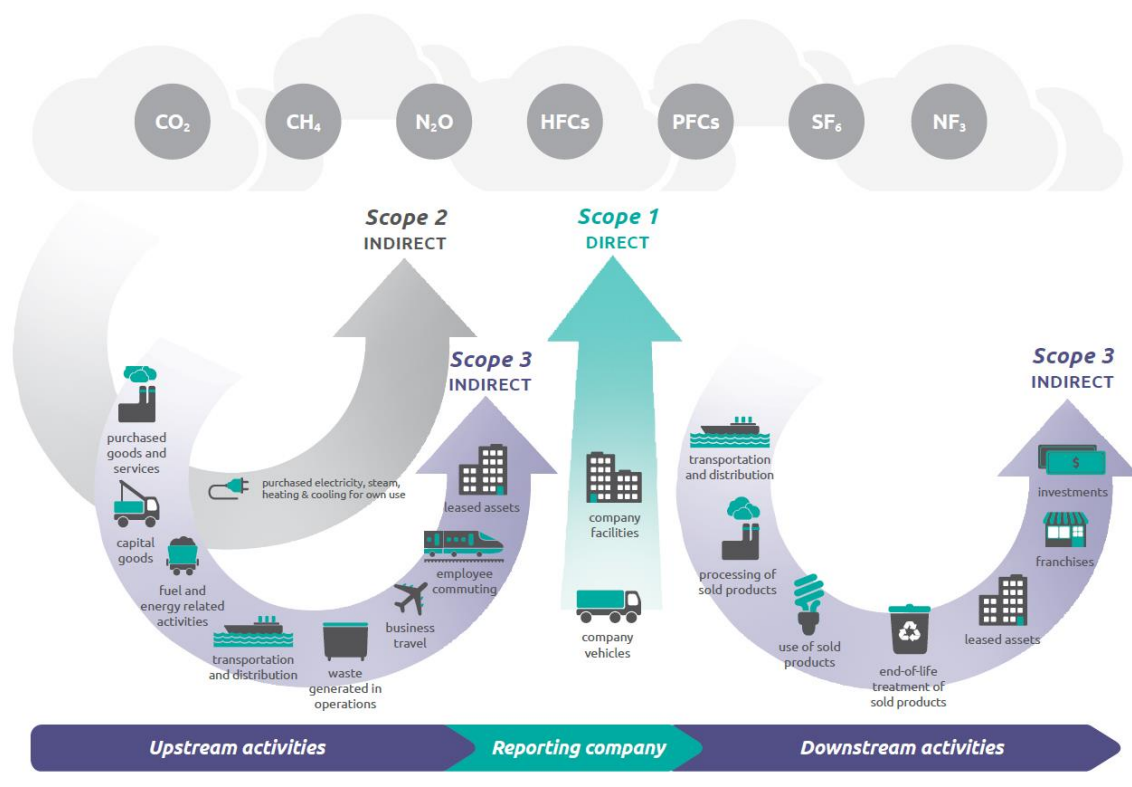
In 2015, 2016 and 2017 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 2.58%, 3.00% and 3.49%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2015, 2016 and 2017 year, the "energy saving and carbon reduction "evaluation targets of "related carbon emissions cost accounted for the proportion of operating net profit "all achieved.

**"Energy conservation and carbon reduction" is the most important cross-border issue all over the world. Governments and enterprises have also incorporated the "energy conservation and carbon reduction" plan into their economic objectives. Therefore, Voltronic Power cooperates with various energy conservation and carbon reduction measures to fulfill the environmental responsibility of enterprises in the global village. For Other indirect (Scope 3) GHG emissions, energy conservation and carbon reduction measures are as follows:**

| Category   | Practice and content  | Environmental protection target  |
|--|---|--|
| Paperless  | 1. Internal information transmission is conducted by e-mail, not by paper.<br>2. Payroll issuance is bank transfer, employee salary information system inquiries, do not print payroll notice.<br>3. All kinds of financial reports and CSR reports are inquired systematically without printing paper reports separately.<br>4. Avoid providing disposable paper cups. | Reducing the amount of paper used and reduce the amount of trees felled.   |
| Purchased goods and services also Upstream transportation and distribution | 1. Require important upstream suppliers which must have energy saving and carbon reduction measures and provide relevant reports.<br>2. Increase the proportion of local purchases.   | Reducing Carbon Emissions from Purchasing Goods and Services and also from Upstream transportation and distribution. |
| Business travel  | Make the best use of e-mail or/and Telephone conference or/and Videoconference with customers to reduce unnecessary business travel.  | Reducing Carbon Emissions from Business Travel.  |

|                    |  |   |
|--------------------|--|---|
| Employee commuting | <ol style="list-style-type: none"> <li>1. Increase the proportion of employees hired locally.</li> <li>2. Encourage employees to use mass transit as much as possible.</li> <li>3. Encourage employees to commute together as much as possible.</li> </ol> | Reducing Carbon Emissions from Employee Commuting |
|--------------------|--|---|

## 2. Topic-specific disclosures



### 305-1 Direct (Scope 1) GHG emissions

- Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent : nil
- Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all : nil
- Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent : nil

### 305-2 Energy indirect (Scope 2) GHG emissions

**a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent :**

The greenhouse gas emission of Voltronic Power, only is carbon emission (CO<sub>2</sub>) from the outsourcing electricity which needed for the company operation. The statistics and calculation of electricity consumption (kilowatt-hour) and carbon emission are as follows :

| Locations  | 2015          |                     | 2016          |                     | 2017          |                     |
|--|---------------|---------------------|---------------|---------------------|---------------|---------------------|
|  | kilowatt-hour | KgCO <sub>2</sub> e | kilowatt-hour | KgCO <sub>2</sub> e | kilowatt-hour | KgCO <sub>2</sub> e |
| Taiwan   | 204,865       | 130,499             | 217,375       | 138,469             | 248,529       | 158,313             |
| China  | 9,320,510     | 8,225,350           | 11,550,637    | 10,193,437          | 11,576,278    | 10,216,065          |
| Total  | 9,525,375     | 8,355,849           | 11,768,012    | 10,331,906          | 11,824,807    | 10,374,378          |
| Carbon emissions from the outsourcing electricity in Taiwan : kgCO <sub>2</sub> /kWh=0.637 |               |                     |               |                     |               |                     |
| Carbon emissions from the outsourcing electricity in China : kgCO <sub>2</sub> /kWh=0.8825 |               |                     |               |                     |               |                     |

**Direct greenhouse gas (GHG) emissions (Scope 1) + Energy indirect greenhouse gas (GHG) emissions (Scope 2)= Energy indirect greenhouse gas (GHG) emissions (Scope 2)**

**305-3 Other indirect (Scope 3) GHG emissions :**

| kg CO <sub>2</sub> e           |  |           |            |
|--------------------------------|--|-----------|------------|
| Category                       | Category description   | 2016year  | 2017year   |
| 1.Purchased goods and services | Includes all upstream (i.e., cradle-to-gate) emissions from the production of products purchased or acquired by the reporting company in the reporting year. Products include both goods (tangible products) and services (intangible products). | 9,761,240 | 10,246,746 |
| 2.Capital goods                | Includes all upstream (i.e., cradle-to-gate) emissions from the production of capital goods purchased or acquired by the reporting company in the reporting  | 24,050    | 35,040     |

|   |   |         |         |
|---|---|---------|---------|
|   | year. Emissions from the use of capital goods by the reporting company are accounted for in either scope 1 (e.g., for fuel use) or scope 2 (e.g., for electricity use), rather than in scope 3.   |         |         |
| 3. Fuel- and energy-related activities (not included in scope 1 or scope 2) | Includes emissions related to the production of fuels and energy purchased and consumed by the reporting company in the reporting year that are not included in scope 1 or scope 2.   | —       | —       |
| 4. Upstream transportation and distribution                                 | Emissions from transportation and distribution of products when purchasing components and raw materials from tier 1 suppliers.  | 55,987  | 72,125  |
| 5. Waste generated in operations  | Includes emissions from third-party disposal and treatment of waste generated in the reporting company's owned or controlled operations in the reporting year. This category includes emissions from disposal of both solid waste and wastewater. | 4,965   | 6,296   |
| 6. Business travel  | Includes emissions from the transportation of employees for business-related activities in vehicles owned or operated by third parties, such as aircraft, trains, buses, and passenger cars.  | 90,912  | 108,515 |
| 7. Employee commuting   | Includes emissions from the transportation of employees between their homes and their worksites. Emissions from employee commuting may arise from: <ul style="list-style-type: none"> <li>• Automobile travel</li> <li>• Bus travel</li> </ul>    | 359,520 | 617,324 |

|   |   |                 |                 |
|---|---|-----------------|-----------------|
|   | <ul style="list-style-type: none"> <li>• Rail travel</li> <li>• Air travel</li> <li>• Other modes of transportation (e.g., subway, bicycling, walking).</li> </ul>  |                 |                 |
| 8. Upstream leased assets                     | Includes emissions from the operation of assets that are leased by the reporting company in the reporting year and not already included in the reporting company's scope 1 or scope 2 inventories. This category is applicable only to companies that operate leased assets (i.e., lessees). For companies that own and lease assets to others (i.e., lessors), (Downstream leased assets).   | Not applicable  | Not applicable  |
| 9. Downstream transportation and distribution | Includes emissions that occur in the reporting year from transportation and distribution of sold products in vehicles and facilities not owned or controlled by the reporting company.  | 71,112          | 94,032          |
| 10. Processing of sold products               | Includes emissions from processing of sold intermediate products by third parties (e.g., manufacturers) subsequent to sale by the reporting company. Intermediate products are products that require further processing, transformation, or inclusion in another product before use, and therefore result in emissions from processing subsequent to sale by the reporting company and before use by the end consumer. Emissions from processing should be allocated to the intermediate product. | Not applicable  | Not applicable  |
| 11. Use of sold                               | Includes emissions from the use of  | ( 252,435,000 ) | ( 382,888,000 ) |

|   |  |                |                |
|---|--|----------------|----------------|
| products                                  | goods and services sold by the reporting company in the reporting year. A reporting company's scope 3 emissions from use of sold products include the scope 1 and scope 2 emissions of end users. End users include both consumers and business customers that use final products.   |                |                |
| 12.End-of-life treatment of sold products | Includes emissions from the waste disposal and treatment of products sold by the reporting company (in the reporting year) at the end of their life. This category includes the total expected end-of-life emissions from all products sold in the reporting year.   | 189,163        | 259,359        |
| 13.Downstream leased assets               | Includes emissions from the operation of assets that are owned by the reporting company (acting as lessor) and leased to other entities in the reporting year that are not already included in scope 1 or scope 2. This category is applicable to lessors (i.e., companies that receive payments from lessees). Companies that operate leased assets (i.e., lessees) should refer to (Upstream leased assets). | Not applicable | Not applicable |
| 14.Franchises                             | Includes emissions from the operation of franchises not included in scope 1 or scope 2. A franchise is a business operating under a license to sell or distribute another company's goods or services within a certain location. This category is applicable to franchisors (i.e., companies that grant licenses to other entities to sell or distribute its   | Not applicable | Not applicable |



|                |  |                |                |
|----------------|--|----------------|----------------|
|                | goods or services in return for payments, such as royalties for the use of trademarks and other services). Franchisors should account for emissions that occur from the operation of franchises (i.e., the scope 1 and scope 2 emissions of franchisees) in this category.   |                |                |
| 15.Investments | Includes scope 3 emissions associated with the reporting company's investments in the reporting year, not already included in scope 1 or scope 2. This category is applicable to investors (i.e., companies that make an investment with the objective of making a profit) and companies that provide financial services. This category also applies to investors that are not profit driven (e.g. multilateral development banks), and the same calculation methods should be used. | Not applicable | Not applicable |

#### **305-4 Reduction of GHG emissions**

**The greenhouse gas emissions of Voltronic Power are energy indirect (Scope 2) GHG emissions, which all are CO<sub>2</sub> generated by municipal power supply, and also Other indirect (Scope 3) GHG emissions.**

#### **305-5 Reduction of GHG emissions**

| item                 | 2015                    |       | 2016                  |       | 2017                   |       |
|----------------------|-------------------------|-------|-----------------------|-------|------------------------|-------|
|                      | Amount                  | CEC@% | Amount                | CEC@% | Amount                 | CEC@% |
| Operating revenue    | NT\$ 8,039,323 thousand | 0.54% | NTD8,120,220 thousand | 0.62% | NTD9,862,230 thousand  | 0.65% |
| Costs and Expenses   | NT\$ 6,361,104 thousand | 0.68% | NTD6,440,945 thousand | 0.78% | NTD7,527,157 thousand  | 0.85% |
| Operating net profit | NT\$ 1,678,219 thousand | 2.58% | NTD1,679,275 thousand | 3.00% | NTD 1,828,597 thousand | 3.49% |

|                           |           |  |           |  |           |  |
|---------------------------|-----------|--|-----------|--|-----------|--|
| Operating net profit rate | 20.88%    |  | 20.68%    |  | 18.45%    |  |
| Earnings per share        | NT\$19.05 |  | NT\$18.25 |  | NT\$17.46 |  |

According to the above statistics can gather that Voltronic Power is a business growth (operating revenue: NT9,862,230 thousand, NT8,120,220 thousand, NT8,039,323 thousand,)single greenhouse gases (CO<sub>2</sub>) low emission company, but still adopted "energy saving, consumption reduction, waste reduction" awareness policy.

In 2015, 2016 and 2017 year, the "related carbon emissions cost accounted for the proportion of operating revenue" were individually 0.54%, 0.62% and 0.65%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.75%. In 2015, 2016 and 2017 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of operating revenue"all achieved.

In 2015, 2016 and 2017 year, the "related carbon emissions cost accounted for the proportion of costs and expenses" were individually 0.68%, 0.78% and 0.85%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 0.85%. In 2015, 2016 and 2017 year, the "energy saving and carbon reduction" evaluation targets of "related carbon emissions cost accounted for the proportion of costs and expenses "all achieved.

In 2015, 2016 and 2017 year, the "related carbon emissions cost accounted for the proportion of operating net profit" were individually 2.58%, 3.00% and 3.49%. The "energy saving and carbon reduction" evaluation target of Voltronic Power is not more than 3.85%. In 2015, 2016 and 2017 year, the "energy saving and carbon reduction "evaluation targets of "related carbon emissions cost accounted for the proportion of operating net profit "all achieved.

**305-6 Emissions of ozone-depleting substances (ODS) : nil**

**305-7 Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions :**  
**nil**

## **GRI 306 : Effluents and Waste**

### **1. Management approach disclosures**

#### **Effluents**

Voltronic Power's Taiwan offices are in the industrial district's office buildings, China offices and factories also are in the industrial districts' office buildings and factories area. In manufacturing without consumption of water resources (i.e., no industrial water demand), only domestic water demand of employees, and the domestic water sources all are municipal water supply, in accordance with the relevant industrial district water supply contracts, therefore, does not produce effluents.

#### **Waste**

Voltronic Power carries out effective management and continues to achieve waste reduction target. The removal, disposal and recycling of waste, according to local regulations, properly to handle and record.

According to the environmental protection law of the people's Republic of China and the applicable environmental protection laws and regulations, the industrial waste (liquid) formed in the production process of the company, shall not be arbitrarily discharged, discarded or transferred, shall be concentrated disposal in accordance with the laws. Voltronic Power entrusts a legitimate professional institution that qualified disposal of industrial waste (liquid), exclusively disposes all of Voltronic Power's industrial waste (liquid).

#### **Company product recycling and scrapping**

In accordance with the requirements of the EU WEEE Directive, at the beginning of product design, the recovery and scrapping of products after the end of their service life, Voltronic Power should comply with the objectives of the WEEE Directive concerning recovery, reuse or recycling.

After the service life of Voltronic Power's products is over, customers can recycle,

reuse or recycle most of the components of Voltronic Power's products.

Voltronic Power participates in product recycling and scrap assessment in the design stage: after the end of the life of Voltronic Power's products, the Reuse rate is over 80%, and the Recycling rate is over 70%, which meets the latest requirements of the EU WEEE Directive. Voltronic Power mainly does ODM and OEM for customers, and will not participate in product recycling and scrapping by end users.

(For products of category 2, since Aug-15-2018, WEEE Recovery Targets: Reuse rate > 80%, and Recycling rate > 70%)

### **The obligations of Voltronic Power**

1. All the industrial waste (liquid) formed in the process of production together with the packaging shall be disposed by the legitimate professional institution which had signed contract" the legitimate professional institution ", and shall not be disposed by itself or by any other third party within the validity period of the contract. Voltronic Power shall be in advance by written to notice the legitimate professional institution of the specific collection time, place , collecting waste (liquid) specific quantities.
2. Voltronic Power shall store all kinds of industrial waste (liquid) by classification, do a good mark, cannot mixed with other debris, in order to the legitimate professional institution to dispose and ensure the safety of the disposal. The industrial waste (liquid) in bags or bottles shall be in accordance with the requirement of industrial waste (liquid) packaging, identification and storage technical codes to paste the labels.
3. Voltronic Power shall display that will be disposed industrial waste (liquid) in a centralized manner, and provide the necessary conditions for the legitimate professional institution to collect, including approach road, work space, loading machinery required for loading, in order to facilitate the legitimate professional institution for shipment.
4. Voltronic Power commitments and guarantees that the industrial waste (liquid)

provided to the legitimate professional institution to collect, does not appear abnormal situation as follows :

- I . There exist types of industrial waste (liquid) which are not included in the attachments of the contract. [In particular, which containing explosive substances, radioactive substances, PCBs ( polychlorinated biphenyls ) , cyanide and so on highly toxic substance.] ;
- II . Labels are not standardized or wrong ; packing damage or seal is not strict ; the water content of sludge is over 85% (or free water drop out) ;
- III . Two or more types of industrial waste (liquid) are mixed into the same container, or hazardous waste (liquid) and non-hazardous waste (liquid) mixed into the same container.
- IV . Other abnormal conditions of violations of industrial waste (liquid) transport packaging of national standards, industry standards and general technical conditions.

### **The obligations of the legitimate professional institution**

- 1. Within the valid period of the contract, the legitimate professional institution shall have required qualifications, conditions and facilities to dispose industrial waste (liquid), and ensure that the license, business license and other applicable documents valid and effective.
- 2. The legitimate professional institution shall self-own vehicles and handling personnel, and according to the negotiation plan to collect the industrial waste (liquid) of Voltronic Power, and ensures that does not affect Voltronic Power's normal production and operating activities.
- 3. The collection and transportation vehicles, the drivers and the handling personnel of the legitimate professional institution shall take civilized operations in Voltronic Power's factory districts. When the operations are completed, will clean the operational ranges, and abide by the applicable environmental and safety regulations adopted by Voltronic Power.

## **2. Topic-specific disclosures**

### **306-1 Water discharge by quality and destination : not applicable**

### **306-2 Waste by type and disposal method**

- a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable :

The total weight of wastes disposed of by the waste disposal contractor in 2016 : hazardous waste was 0.368 metric tons and non-hazardous waste 3,310 metric tons ( 90% was recyclable ) respectively. The total weight of wastes disposed of by the waste disposal contractor in 2017 : hazardous waste was 0.392 metric tons and non-hazardous waste 4,197 metric tons ( 90% was recyclable ) respectively.

The non-hazardous wastes (recoverable wastes and non-recoverable wastes) of Voltronic Power are all entrusted to the waste recycling station in the industrial zone. Generally, the proportion of recyclable waste is about 90%. The non-hazardous wastes of Voltronic Power, the feedback from the waste recycling station in the industrial zone that the ways of waste disposal can be divided into the following four categories according to the materials:

- 1, Host case iron shell: scrap iron packing, resale and recycling.
- 2, Plastics: The recyclable part is resold, and the non-recyclable part is pulled to the landfill for disposal.
- 3, Carton: Paper mill recycling.
4. Waste other than the above three categories: landfill treatment.

In summary, the proportion of landfill waste is small, about 10%, and most of the waste is recycled, accounting for about 90%.

- b. How the waste disposal method has been determined :

Disposed by the waste disposal contractor in accordance with PRC ( People's Republic of China ) regulations; in 2016 and 2017, there was no contractor default on waste disposal.

### **306-3 Significant spills : nil**

- a. Voltronic Power doesn't had any waste pollution incidents so far.

- b. The products manufactured and shipped by Voltronic Power are all qualified products, which meet the quality, safety and environmental protection requirements specified by customers, as well as the requirements of corresponding regional laws and regulations.
- c. As an OEM/ODM factory authorized by UL, TUV and other well-known certification bodies, Voltronic Power's products not only meet customer requirements, but also meet the quality standards, safety standards and environmental protection regulations of the corresponding regions, including EU RoHS directives, REACH regulations and WEEE directives.

**306-4 Transport of hazardous waste**

**Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally : nil**

**306-5 Water bodies affected by water discharges and/or runoff**

**Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff : nil**

## **RI 307 : Environmental Compliance**

### **1. Management approach disclosures**

Comply with the provisions of “Law of the People's Republic of China on Conserving Energy “on "Industrial Energy Conservation".

Comply with the provisions of "Environmental Protection Law of People's Republic of China" on” Protection and Improvement of the Environment" and” Prevention and Control of Environmental Pollution and Other Public Hazards".

Comply with the provisions of “Cleaner Production Promotion Law of the People's Republic of China" on "Realization of Cleaner Production" and” Implementation of Cleaner Production".

Comply with the provisions of "Law of the People’s Republic of China on the Prevention and Control of Ambient Noise Pollution" on” Prevention and Control of Industrial Ambient Noise Pollution ”.

### **2. Topic-specific disclosures**

**307-1 Non-compliance with environmental laws and regulations** : nil



## **GRI 308 : Supplier Environmental Assessment**

### **1. Management approach disclosures**

#### **General background of supply chain**

Voltronic Power is an R&D and manufacturer of UPS (Uninterruptible Power System), according to customers' projects, design or assembly products into the finished products, and then transports them to the designated areas of the customers. The main supply chain is to provide the main products, such as the electronic or mechanism components suppliers of UPS, and the supply chain is most made up by domestic or foreign suppliers there have advantages in such goods. Raw material supplier region mainly in Taiwan, the United States, Japan, South Korea, China, Europe ; types of suppliers, contains the original factory, authorized agencies and distributors and so on ; The specific industry characteristics of the supply chain contain capital intensive, technology intensive, labor intensive.

The supply chain strategy mainly base on the competitiveness, including the prices, research and development capabilities, manufacturing capabilities, quality advantages, process management, On-site service etc., within the reporting period, supplier relationship changes are all the normal operation of policy attribute, no other factors of significant change.

#### **Environmental requirements to suppliers**

Suppliers shall comply with the provisions of the environmental laws, regulations, technical standards, including ROHS, prevention and control of pollution, waste disposal and other about environmental protection laws and regulations; the supplier shall in accordance with requirements of Voltronic Power, to produce the related documents relating to environmental protection investigation of or relating to environmental protection.

#### **Ethical requirements to suppliers**

Suppliers shall commit to adhere to ethical management, the supply chain upstream

and downstream joint cooperation to constantly improve the core competitiveness. Only for how to provide and obtain the most competitive price products to engage in pure trading behavior, without also shall not to engage in behavior as to offer direct or indirect rebate, commission, facilitating payment or through other means to offer any improper benefits to each other handling personal in order to win the order.

### **Progress in investigation systematic management of conflict minerals**

In the Democratic Republic of the Congo and the surrounding area, non-government military group control Au, Ta, W, Sn and so on metal by the armed mastery, resulting in the deterioration of the social, environmental and human rights. Voltronic Power abides by customers and act requirements, adopts the policy of no conflict metal purchasing, uses the conflict minerals report model and supporting management tool, continuously investigate whether the suppliers implement the above policies.

#### **Code for the management of the conflict minerals**

##### **1, the purpose of :**

In order to meet the requirements of the management of the conflict minerals bill, and to guide the investigation of suppliers in the supply chain, this code is adopted.

##### **2, the scope of application:**

Applicable to the qualified suppliers which are currently trading with the company.

##### **3, definition:**

**3.3 3TG :** Refers to Sn (Tin), Ta (Tantalum), W (Tungsten), gold (Gold) four kinds of metals, because of its English to T and G at the beginning, also known as 3TG metal.

**3.4 Conflict Minerals:** Refers to conflict metal 3TG, and the mining minerals located in the Democratic Republic of the Congo Republic and the surrounding area (Sudan, Uganda, Rwanda, Burundi, Tanzania, Zambia,

Angola, Central African Republic and Republic of Congo).

**3.5 Smelter :** Refers to the smelter which carries ore extraction, to obtain 3TG metal.

**3.6 CMRT ( Conflict Mineral Reporting Template ) :** Refers to the standard form co-developed by the international institutions EICC ( Electronic Industry Code of Conduct ) and GeSI ( Global e-Sustainability Initiative ) for the investigation of conflict minerals in the supply chain.

**3.7 SEC :** The U.S. Securities and Exchange Commission

**3.8 Dodd-Frank Wall Street Reform and Consumer Protection Act :** The conflict mineral management regulation, which was formulated by SEC and enacted on July 15, 2010, in the United States, requires the listed companies in the United States to disclose the information involving the investigation of the conflict minerals management.

#### **4, responsibilities :**

**4.1 Procurement Department:** In the introduction of new suppliers, issue the CMRT to the suppliers, and tracing the suppliers to return back the questionnaire.

**4.2 Quality Assurance Department:** Timely update the CMRT, to assist the completion of the conflict minerals investigation.

**4.3 R&D Department:** To assist the assessment of whether contains 3TG metal in the procurement of materials.

#### **5, content:**

**5.1 Quality Assurance department** from the EICC website, download and update the reporting template for using of investigation.

**5.2** When the introduction of a new supplier, procurement department should issue the CMRT to the supplier, when the material provided by the supplier does not contain 3TG metal, can answer the product does not contain 3TG metal and the investigation is over, but the supplier still need to return the

**CMRT.**

### **5.3 The fill in requirements of the CMRT**

**5.3.1. Form CMRT as excel document format, select the most appropriate language at the top of the workbook [declaration], and in presupposition issue Chinese version to supplier, if not, please save the document in Chinese, restart the document will be in Chinese.**

**5.3.2 The workbooks of CMRT table which can be edited as [Declaration], [Smelter List] or [Product List]. Only when the declaration of the scope or category in [Declaration] answers B (Products or List of Products) need to fill in [Product List]. In [Smelter List] fill in the name of the smelter.**

**5.3.3 [Declaration] the main fill in project for the investigation, after completing the company's information, there are 7 declaration questions (1-7) and 10 company level questions (A-G) need to answer.**

**5.3.4 [Declaration] within the scope of the declaration there are 7 main questions need to answer.**

**5.3.4.1 Question 1, the supplier needs to answer whether the provided material contains the conflict metal (3TG), if all the answer is NO, i.e. does not contain four kinds of metals that the investigation can be over.**

**5.3.4.2 Question 2, the supplier needs to answer whether the provided material must use the conflict metal, if the answer is Yes, i.e. the 3TG is the necessary component for function or performance.**

**5.3.4.3 Question 3, the supplier needs to answer whether the used metal comes from the conflict minerals area, if the answer is Yes, i.e. the used metal comes from Democratic Republic of the Congo Republic or the surrounding area (such as Sudan, Uganda,**

Rwanda, Burundi, Tanzania, Zambia, Angola, Central African Republic and Republic of Congo) , if the answer is No, i.e. the used metal doesn't come from those areas.

**5.3.4.4 Question 4, the supplier needs to answer whether the used conflict metal (3TG) is 100% from the recycling materials or scrap.**

**5.3.4.5 Question 5, the supplier needs to answer, whether to collect the conflict minerals on their own supply chain, the management data and the proportion.**

**5.3.4.6 Question 6, the supplier needs to answer whether to carry out the identification of the smelter where the conflict minerals collected from.**

**5.3.4.7 Question 7, the supplier needs to answer, whether all the smelters where the conflict minerals collected from, have been completed to CMRT, when this question to answer Yes, need to declare the names of the smelters in [List Smelter]. To fill in Workbook [Smelter list], firstly requires in the metal column pull-down menu to select metal contained in material, secondly in smelter reference directory column pull-down menu to select the name of smelter. If the pull-down menu does not have the name of the smelter where the conflict minerals collected from, please select "Smelter not yet identified" and then in the name of the smelter column manually key-in the name of the smelter.**

**5.3.5 [Declaration] 10 company level questions need to answer.**

**5.3.5.1 Question A, the supplier needs to answer whether had adopted procurement policy / strategy of no use conflict minerals.**

**5.3.5.2 Question B, the supplier needs to answer whether the procurement policy is open on the company's website, if the**

answer is Yes, please fill in the company's website domain name in the comment column.

**5.3.5.3 Question C, the supplier needs to answer whether require its suppliers doesn't use the conflict minerals.**

**5.3.5.4 Question D, the supplier needs to answer whether require its suppliers to purchase metals from the smelters which were verified by EICC, GeSI and so on independent institutions.**

**5.3.5.3 Question E, the supplier needs to answer whether ever audited and identified the origins of non-conflict minerals.**

**5.3.5.3 Question F, the supplier needs to answer whether to use the CMRT to collect the conflict minerals management information of its suppliers.**

**5.3.5.3 Question G, the supplier needs to answer whether to ask its suppliers to provide the name of the related smelter.**

**5.3.5.3 Question H, the supplier needs to answer whether to audit and identify the conflict minerals management information provided by its suppliers is in line with the requirements.**

**5.3.5.3 Question I, the supplier needs to answer whether the identification method of the question H has included the corrective action when there is not in line with the requirements.**

**5.3.5.3 Question J, the supplier needs to answer whether to comply with the provisions published by SEC.**

**6, related documents:**

**6.1 supplier management guidelines**

**7, related attachments and forms:**

**7.1 CMRT**

## **2. Management approach disclosures**

**308-1 New suppliers that were screened using environmental criteria**

In 2015 , 2016 and 2017 the percentage of new suppliers that were screened using environmental criteria was 28 /74, =37.83%, 35 /72 =48.61% and 54 /77 =70.13%.

**308-2 Negative environmental impacts in the supply chain and actions taken : nil**

## **GRI 401 : Employment**

### **1. Management approach disclosures**

#### **Benefits provided to full-time employees**

##### **Taiwan Region**

Voltronic Power provides the full-time employees to enjoy the "social insurance and retirement benefits (including labor insurance, national health insurance and labor pension)", and travel allowance, year-end party, year-end bonus, Labor Day gifts, the Mid-Autumn Festival gifts, weddings allowance, funerals allowance, hospitalization allowance, fertility allowance, emergency relief allowance, allowances for enriching employees' amusement and promoting family happy and so on projects. Have organized the employee welfare committee, to take care of the employees' lives.

##### **China Region**

According to the applicable provisions of the Social Security Bureau, to pay the appropriate insurance for employees - five social insurances and one housing fund for the urban household registration employees (including endowment insurance, medical insurance, unemployment insurance, industrial injury insurance, maternity insurance and housing provident fund); new three insurances for rural household registration employees (including pension insurance, medical insurance and industrial injury insurance). And to develop the "welfare committee management guidelines", in order to improve the quality of employees' work and life, and enhance friendship and team effectiveness, conducts the annual activity plan to implement. " a) The plan, organization of community activities, and the allocation of funding allowance within budget. b) For the year-end party. c) Within the grant funds budget, plan the distribution of New Year gifts and money. d) The initiation and organization of employees' emergency relief. e) To plan other organizations and activities that contributes to cohesion employee solidarity. "

### **2. Topic-specific disclosures**



#### **401-1 New employee hires and employee turnover**

a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.

b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.

In 2015 (from January 1 to December 31, 2015), 2016 (from January 1 to December 31, 2016) and 2017 (from January 1 to December 31, 2017), monthly average number and rates of new employee hires and employee turnover of Voltronic Power's significant locations of operation by region and gender as follow :

| year | Region | Gender | new employee hires |               | employee turnover |               |
|------|--------|--------|--------------------|---------------|-------------------|---------------|
|      |        |        | number             | new hire rate | number            | turnover rate |
| 2015 | Taiwan | Male   | 2                  | 2.67%         | 2                 | 2.67%         |
|      |        | Female | 1                  | 1.33%         | 1                 | 1.33%         |
|      |        | Total  | 3                  | 4%            | 3                 | 4%            |
|      | China  | Male   | 64                 | 4.11%         | 57                | 3.65%         |
|      |        | Female | 44                 | 2.82%         | 44                | 2.82%         |
|      |        | Total  | 108                | 6.93%         | 101               | 6.47%         |
| 2016 | Taiwan | Male   | 1                  | 1.28%         | 1                 | 1.28%         |
|      |        | Female | 2                  | 2.56%         | 1                 | 1.28%         |
|      |        | Total  | 3                  | 3.84%         | 2                 | 2.56%         |
|      | China  | Male   | 106                | 5.92%         | 96                | 5.36%         |
|      |        | Female | 60                 | 3.35%         | 57                | 3.18%         |
|      |        | Total  | 166                | 9.27%         | 153               | 8.54%         |
| 2017 | Taiwan | Male   | 1                  | 1.35%         | 2                 | 2.70%         |
|      |        | Female | 1                  | 1.35%         | 1                 | 1.35%         |
|      |        | Total  | 2                  | 2.70%         | 3                 | 4.05%         |
|      | China  | Male   | 165                | 7.50%         | 206               | 9.36%         |
|      |        | Female | 99                 | 4.50%         | 114               | 5.18%         |
|      |        | Total  | 264                | 12.00%        | 320               | 14.55%        |

**Note :**

**new hire rate : monthly average number of new employee hires @employee number in the end of the year**

**turnover rate : monthly average number of employee turnover @employee number in the**

end of the year

In 2015 (from January 1 to December 31, 2015), 2016 (from January 1 to December 31, 2016) and 2017 (from January 1 to December 31, 2017), monthly average number and rates of new employee hires and employee turnover of Voltronic Power's significant locations of operation by region and age group as follow :

|      | Region | Age group          | new employee hires |               | employee turnover |               |
|------|--------|--------------------|--------------------|---------------|-------------------|---------------|
|      |        |                    | number             | new hire rate | number            | turnover rate |
| 2015 | Taiwan | under 30 years old | 1                  | 1.33%         | 1                 | 1.33%         |
|      |        | 30-50 years old    | 2                  | 2.67%         | 2                 | 2.67%         |
|      |        | over 50 years old  | 0                  | 0             | 0                 | 0             |
|      |        | Total              | 3                  | 4%            | 3                 | 4%            |
|      | China  | under 30 years old | 83                 | 5.32%         | 77                | 4.93%         |
|      |        | 30-50 years old    | 25                 | 1.60%         | 24                | 1.54%         |
|      |        | over 50 years old  | 0                  | 0             | 0                 | 0             |
|      |        | Total              | 108                | 6.92%         | 101               | 6.47%         |
| 2016 | Taiwan | under 30 years old | 1                  | 1.28%         | 1                 | 1.28%         |
|      |        | 30-50 years old    | 2                  | 2.56%         | 2                 | 2.56%         |
|      |        | over 50 years old  | 0                  | 0             | 1                 | 1.28%         |
|      |        | Total              | 3                  | 3.84%         | 4                 | 5.13%         |
|      | China  | under 30 years old | 143                | 7.98%         | 132               | 7.37%         |
|      |        | 30-50 years old    | 23                 | 1.28%         | 21                | 1.71%         |
|      |        | over 50 years old  | 0                  | 0             | 0                 | 0             |
|      |        | Total              | 166                | 9.27%         | 153               | 8.54%         |
| 2017 | Taiwan | under 30 years old | 3                  | 4.05%         | 2                 | 2.70%         |
|      |        | 30-50 years old    | 16                 | 21.62%        | 19                | 25.67%        |
|      |        | over 50 years old  | 0                  | 0.00%         | 0                 | 0.00%         |
|      |        | Total              | 19                 | 25.67%        | 21                | 28.37%        |
|      | China  | under 30 years old | 190                | 8.64%         | 227               | 10.32%        |
|      |        | 30-50 years old    | 74                 | 3.36%         | 92                | 4.18%         |
|      |        | over 50 years old  | 0                  | 0.00%         | 0                 | 0.00%         |
|      |        | Total              | 264                | 12.00%        | 319               | 14.50%        |

Note :

new hire rate : monthly average number of new employee hires @employee number in the end of the year

turnover rate : monthly average number of employee turnover @employee number in the end of the year

**401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees**

**Benefits provided to full-time employees**

**Taiwan Region**

Voltronic Power provides the full-time employees to enjoy the "social insurance and retirement benefits (including labor insurance, national health insurance and labor pension)", and travel allowance, year-end party, year-end bonus, Labor Day gifts, the Mid-Autumn Festival gifts, weddings allowance, funerals allowance, hospitalization allowance, fertility allowance, emergency relief allowance, allowances for enriching employees' amusement and promoting family happy and so on projects. Have organized the employee welfare committee, to take care of the employees' lives.

**China Region**

According to the applicable provisions of the Social Security Bureau, to pay the appropriate insurance for employees - five social insurances and one housing fund for the urban household registration employees (including endowment insurance, medical insurance, unemployment insurance, industrial injury insurance, maternity insurance and housing provident fund); new three insurances for rural household registration employees (including pension insurance, medical insurance and industrial injury insurance). And to develop the "welfare committee management guidelines", in order to improve the quality of employees' work and life, and enhance friendship and team effectiveness, conducts the annual activity plan to implement. " a) The plan, organization of community activities, and the allocation of funding allowance within budget. b) For the year-end party. c) Within the grant funds budget, plan the distribution of New Year gifts and money. d) The initiation and organization of employees' emergency relief. e) To plan other organizations and activities that contributes to cohesion employee solidarity. "

**401-3 Parental leave**

In Taiwan Region, in accordance with Labor Standards Act, Act of Gender Equality in Employment, Regulations for Implementing Unpaid Parental Leave for Raising Children and so on provisions, let employees can ask for maternity leave, paternity leave and parental leave.

The employees of China Region, who meet the provisions of national marriage and family planning laws, female employees can ask maternity leave of childbirth : "For female employees, before and after childbirth, given maternity leave 98 days that is before childbirth leave 15 days and after childbirth leave 83 days. Maternity leave cannot be early or lately, but if pregnant women of early childbirth, can combine the remaining before childbirth leave days and after childbirth leave days to leave. When is a difficult birth, increase maternity leave 30 days. Much afterbirth embryo bears, every bear a baby more, increase maternity leave 15 days. To meet the late childbirth policy ( after 24 years of age to birth first child ) , increase maternity leave 15 days. " And if receive the "preferential treatment for one child card" within 3 months after the birth, for the woman increase maternity leave 35 days, the man can have paternity leave 10 days within the 15 days before and after the birth of his wife (overdue applicant to be considered to give up). The computing unit of maternity leave is by day and limit one-time for handling. Within the leave days in the case of rest days, statutory holidays, doesn't increase the leave days. During the leave periods, pay the salary as usual; but during the maternity leave periods, would not pay the production performance bonus and environmental allowance. Apply for maternity leave, should have a grant of birth certificate and hospital related documents etc. The latest time to provide related proof is at the end of maternity leave, if failed to provide, as personal leave.

| year | item |  | Male | Female | Total |
|------|------|--|------|--------|-------|
|      | A    | The number of qualified to apply for parental leave in 2015. | 1    | 1      | 1     |

|   |          |  |           |           |           |
|---|----------|--|-----------|-----------|-----------|
| <b>2015</b>   | <b>B</b> | The number of actually to apply for parental leave in 2015.        | <b>0</b>  | <b>0</b>  | <b>0</b>  |
|   | <b>C</b> | The number of returned to work after parental leave ended in 2015. | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| <b>2016</b>   | <b>A</b> | The number of qualified to apply for parental leave in 2016.       | <b>38</b> | <b>18</b> | <b>56</b> |
|   | <b>B</b> | The number of actually to apply for parental leave in 2016.        | <b>0</b>  | <b>0</b>  | <b>0</b>  |
|   | <b>C</b> | The number of returned to work after parental leave ended in 2016. | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| <b>2017</b>   | <b>A</b> | The number of qualified to apply for parental leave in 2017.       | <b>65</b> | <b>18</b> | <b>83</b> |
|   | <b>B</b> | The number of actually to apply for parental leave in 2017.        | <b>1</b>  | <b>0</b>  | <b>1</b>  |
|   | <b>C</b> | The number of returned to work after parental leave ended in 2017. | <b>0</b>  | <b>0</b>  | <b>0</b>  |
| <b>Note: The number of qualified to apply for parental leave, estimate by the number of who had applied maternity leave or paternity leave from 2015 to 2017.</b> |          |  |           |           |           |

## **GRI 402 : Labor/Management Relations**

### **1. Management approach disclosures**

If there are significant operational changes which may be possible to seriously affect the rights of employees, the minimum notice periods in advance to inform the employees and their representatives regarding the significant operational changes, according to the applicable local laws and regulations.

### **2. Topic-specific disclosures**

#### **402-1 Minimum notice periods regarding operational changes**

If there are significant operational changes which may be possible to seriously affect the rights of employees, the minimum notice periods in advance to inform the employees and their representatives regarding the significant operational changes, according to the applicable local laws and regulations.

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## **GRI 403 : Occupational Health and Safety**

### **1. Management approach disclosures**

#### **Implement employee health check and management**

In Taiwan Region, in accordance with the provisions of the Occupational Safety and Health Act, Voltronic Power through the holding employers and employees meeting, from the "prevention" to "treatment and follow-up" health care management as the basis, for employees to choose the quality health evaluation center.

The Taiwan Region employees' health check in 2017, the completion rate: 100%







**In China Region, also in accordance with relevant health laws and regulations, implement regular employees' health check.**





In China, annual fire drill in 2017.



## 2. Topic-specific disclosures

### 403-1 Workers representation in formal joint management–worker health and safety committees

In 2017, Voltronic Power's main occupational health and safety management work are summarized as follows:

| significant locations of operation    | Taiwan Region  | China Region         |
|---------------------------------------|--|----------------------|
| Discussion topic                      | Holding employers and employees meeting to follow the most updated Occupational Safety and Health Act. | introduce OHSAS18001 |
| Percentage of employee representative | 60 %<br>employee representative number : 3<br>employers and employees meeting total number : 5         | not applicable       |

### 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

| 2016  |                        |   |                                       |                                   |
|---|------------------------|---|---------------------------------------|-----------------------------------|
| region  | China                  |   | Taiwan                                |                                   |
| gender  | Male                   | Female  | Male                                  | Female                            |
| number of work-related injury   | 10                     | 2   | 1                                     | 1                                 |
| number of Employees   | 993                    | 570   | 38                                    | 40                                |
| rates of injury   | 1.01%                  | 0.35%   | 2.63%                                 | 2.5%                              |
| type of injury  | all are labor injuries | one is non-labor injury ( Traffic accident )<br>one is labor injury | non-labor injury ( Traffic accident ) | non-labor injury (Event accident) |
| lost days   | 16                     | 96  | 2.5                                   | 5                                 |
| work-related fatalities   | 0                      | 0   | 0                                     | 0                                 |
| Total lost days of injury are 163.5 days, Lost Time is 1,308 hours, Lost Time Incident Rate = 1,308 hours / ( 1,641 person @ 2,000 hours / per person ) = 0.04% |                        |   |                                       |                                   |
| 2017  |                        |   |                                       |                                   |
| region  | China                  |   | Taiwan                                |                                   |

| gender   | Male   | Female  | Male                                | Female                            |
|--|--|---|-------------------------------------|-----------------------------------|
| number of work-related injury  | 6  | 2   | 0                                   | 0                                 |
| number of Employees  | 1,360  | 830   | 36                                  | 38                                |
| rates of injury  | 0.44%  | 0.25%   | 0%                                  | 0%                                |
| type of injury   | one is non-labor injury (Traffic accident)<br>Five is labor injury | one is non-labor injury (Traffic accident)<br>one is labor injury | non-labor injury (Traffic accident) | non-labor injury (Event accident) |
| lost days  | 467.50   | 109   | 0                                   | 50                                |
| work-related fatalities  | 0  | 0   | 0                                   | 0                                 |
| Total lost days of injury are 163.5 days, Lost Time is 1,308 hours, Lost Time Incident Rate = $1,308 \text{ hours} / (1,641 \text{ person} @ 2,000 \text{ hours/per person}) = 0.04\%$ |  |   |                                     |                                   |

**403-3 Workers with high incidence or high risk of diseases related to their occupation : nil**

**403-4 Health and safety topics covered in formal agreements with trade unions**

The health and safety related issues of Voltronic Power' employees, all operate according to related local laws and regulations.

## **GRI 404 : Training and Education**

### **1. Management approach disclosures**

Voltronic Power has employee's education and training management program, to develop the knowledge and skills of employees, make them to play their professional abilities, to increase the work efficiency and ensure work quality, in order to achieve the sustainable operation and development goals of Voltronic Power.

In addition to the training for new employees in order to make them quickly integrate into the organization team, the department heads and employees may also be responsible for the current situation of the company's operations, and coordinate with the project requirements in the face of the enterprise internal and external environment change trends, hold company or department and domestic or foreign training courses, seminars and so on, in order to improve the employees' professional skills and core competitiveness, and strengthen employees' complete training and learning channel.

- Introduction to new employees training: Introduce the company profile, management rules and regulations, salary, welfare, advocacy of occupational safety and health and other relevant regulations and so on, in order to make new employees as soon as possible to understand their own rights and interests that be treated with fairness and respect, quickly integrate into the company culture and shorten the period of adaptation.
- New employees on the job training: By the unit who belong to, to guide new employees to quickly familiar with the work environment, work content, and professional training.
- On-the-job training: Invite professional consultants to the company every week, to give professional guidance on the hardware design of the product industry, the components, circuits, etc...
- For the community to cultivate talent: The power industry must be long time investment in human development, the training and experience accumulation of R&D personnel are not easy. And Voltronic Power engages in the DMS business models, requires to have adequate and high-quality R&D personnel, the company's R&D department for cultivating seed talents, started from 2014, participate in the application to Ministry of the Interior Taiwan of Research and

Development Substitute Services quota, to bear the construction of potential industrial research and development environment, sound management system and the experience inheritance, therefore gives the fresh graduate the environment for cultivation of R&D personnel.

## **2. Topic-specific disclosures**

### **404-1 Average hours of training per year per employee**

| 2016                     |          |          |          |           |
|--------------------------|----------|----------|----------|-----------|
| region                   | China    |          | Taiwan   |           |
| gender                   | male     | female   | male     | female    |
| Per capita training time | 3.52 hrs | 3.12 hrs | 6.75 hrs | 12.45 hrs |
| 2017                     |          |          |          |           |
| region                   | China    |          | Taiwan   |           |
| gender                   | male     | female   | male     | female    |
| Per capita training time | 7.00hrs  | 4.00hrs  | 10.00hrs | 14.50hrs  |

| 2016                   |                                   |                                    |
|------------------------|-----------------------------------|------------------------------------|
| region                 | China                             | Taiwan                             |
| Management Department  | per capita training time 1.91 hrs | per capita training time 15.5 hrs  |
| Procurement Department | per capita training time 2.00hrs  | -                                  |
| R&D Department         | per capita training time 3.64 hrs | per capita training time 7 hrs     |
| QA Department          | per capita training time 3.00 hrs | -                                  |
| Production department  | per capita training time 2.69 hrs | -                                  |
| Sales Department       | -                                 | per capita training time 10.8 hrs  |
| 2017                   |                                   |                                    |
| region                 | China                             | Taiwan                             |
| Management Department  | per capita training time 2.00 hrs | per capita training time 17.38 hrs |
| Procurement Department | per capita training time 2.00 hrs | -                                  |
| R&D Department         | per capita training time 6.00 hrs | per capita training time 10.00 hrs |
| QA Department          | per capita training time 2.00 hrs | -                                  |
| Production department  | per capita training time 5.00 hrs | -                                  |

|                  |   |                                   |
|------------------|---|-----------------------------------|
| Sales Department | - | per capita training time 7.00 hrs |
|------------------|---|-----------------------------------|

#### **404-2 Programs for upgrading employee skills and transition assistance programs**

- Internal training courses
- Funding support for external training or education

#### **404-3 Percentage of employees receiving regular performance and career development reviews**

The employees of Voltronic Power receive regular performance reviews each year. The new employees begin formal performance reviews over the past three months, and receive regular performance reviews each year.

| <b>Performance reviews in 2016: by gender and by employee category</b> |        |                         |        |                         |
|--|--------|-------------------------|--------|-------------------------|
| region   | China  |                         | Taiwan |                         |
| gender   | number | percentage of employees | number | percentage of employees |
| male   | 936    | 66/.29%                 | 44     | 51.16%                  |
| female   | 476    | 33.71%                  | 42     | 48.84%                  |
| Direct employees   | 662    | 46.88%                  | 0      | 0%                      |
| Indirect employees   | 750    | 53.12%                  | 86     | 100%                    |
| <b>Performance reviews in 2017: by gender and by employee category</b> |        |                         |        |                         |
| region   | China  |                         | Taiwan |                         |
| gender   | number | percentage of employees | number | percentage of employees |
| male   | 1,360  | 62.87%                  | 36     | 48.64%                  |
| female   | 803    | 37.12%                  | 38     | 51.35%                  |
| Direct employees   | 1,136  | 52.51%                  | 0      | 0%                      |
| Indirect employees   | 1,027  | 47.48%                  | 74     | 100%                    |

## **GRI 405 : Diversity and Equal Opportunity**

### **1. Management approach disclosures**

The employees hiring policy of Voltronic Power is right positions for right personnel, and cooperates with the company's sustainable management policy, hopes the qualified employees can develop in the company for a long time. The indicators of citizenship, ancestry, ethnic origin, creed and disability, all are not included in considering items of Voltronic Power's employees hiring policy.

Voltronic Power conducts assessment and performance evaluation to all employees on a regular basis every year, and depends on the basis for pay raises, bonuses and promotions.

Voltronic Power's employees overall remuneration policies are, according to industry competition environment, the company's operating performance and market benchmark to construct the company level strategy, according to team performance, personal potential and performance, to conduct salary recommendations for the executive level, in order to attract and retain and encourage outstanding colleagues, do not affect the decision of their salary due to gender, race, nationality, age etc. personal factors.

### **2. Topic-specific disclosures**

#### **405 -1 Diversity of governance bodies and employees**

#### **405 -2 Ratio of basic salary and remuneration of women to men**

Voltronic Power's employees remuneration policy, is to strictly enforce the policies of "equal pay for work of equal value " and "gender equality", all important operational locations and employee categories, regardless of gender, the ratios of the standard basic salary to the local legal minimum salary all are 100% above (contain); the ratio of basic salary and remuneration of women to men is 100@100.

In Taiwan Region, in accordance with the provisions of Act of Gender Equality in Employment, strictly prohibits gender discrimination, male employees and female employees all are hired in the same basic salary.

In China Region, in accordance with the provisions of Labor Law of the People's

**Republic of China, workers have the right to equally get the remuneration for work, in addition to meet the legal minimum salary provided by the local governments, male employees and female employees all are hired in the same basic salary.**



## **GRI 406 : Non-discrimination**

### **1. Management approach disclosures**

#### **Non-discrimination and No Forced Labor**

##### **Prohibition against discrimination management system**

##### **1, the purpose of**

To ensure that the company in the matters of employee hiring, compensation, training, promotion, dismissal and so on, in line with the requirements of relevant laws and industry social responsibility, there is no discrimination behavior, provide a fair and reasonable employment and competition opportunities for the employees, formulated this system.

##### **2, range**

This system applies to the management of recruitment, training, promotion, salary remuneration, termination also retirement and so on matters by the company.

##### **3, responsibilities**

**3.1 Management representative:** Supervise the implementation of the prohibition against discrimination, investigate the complaint about discrimination and take corrective action in time.

**3.2 Human resources department:** To formulate and implement the company's policy of prohibiting against discrimination.

**3.3 Various departments:**

Responsible for propaganda the anti-discrimination policy and the contents of implementing anti-discrimination provisions in according to this system .

##### **4, content**

**4.1 The company in the recruitment, subsidies, training, promotion, termination of the contract, retirement or other related aspects about employees, not because of race, social origin, national extraction, native place, religion, age, disability, gender, marital status, pregnancy, sexual orientation, community tend to be the reason to conduct discrimination behavior to those employees.**

**4.1.1 Human resource department in the recruitment of employees, the employment standard is only by applying the personnel academic qualifications, work experience, job skills and the information related to the work capability, shall not to regard the gender, age, native place**

as the reference of employment.

- 4.1.2 Human resource department in the preparation of recruitment advertising shall be rigorous treatment, to avoid discriminatory content.
- 4.1.3 Men employees and women employees have the equal rights of employment, in the recruitment of employees, except for that in accord to the National's provisions that the jobs or posts are not suitable for women, cannot on the ground of gender to refuse to employ women or raise the employment standards for women. Do not have work discrimination against female employees during their female physiological period.
- 4.14 When the personnel into the pre-employment physical examination, the company shall not require employees to do the inspection projects which be explicitly prohibited by relevant departments of the Nation, and shall not require the female employees to do a pregnancy test.
- 4.1.5 The supervisors in the work arrangements, all employees must be treated equally shall not be targeted discrimination.
- 4.1.6 In determining employees' position promotion, salary, welfare, contract renewal or retirement, only depend on the determining factors that their working ability, performance, creating value for the company and so on related to the work information, cannot regard other personal information of the employees as the reference.
- 4.1.7 The company enforces the policy of "equal pay for work of equal value", has established remuneration standards of employees at all levels and strictly to implement.
- 4.2 The company does not allow supervisors in any situation to violate the basic human rights or dignity of employees, nor allow forcing, threatened, insulted or exploitation of the sexual assault behavior, such as sexual harassment, including gestures, language and physical contact.
- 4.3 The company will not interfere with or discriminate against the employees' rights to observe the specifications related to race, social origin, national extraction, religion, disability, sexual orientation, union membership, union creed etc.
- 4.4 According to relevant laws and regulations to take protection on special employees (such as young workers, during "Five Periods (menstrual period, pregnancy period, maternity period, lactation period, menopause period) "

female employees, disabled employees, etc.) also to take differential treatment on the employees who are in different positions of cultural degree, technical ability, physical condition, those all are not as discrimination.

**4.5** The employees may, in written or oral form, complain to the company about the discrimination against them. The complaint will be reviewed by the coordinators who are assigned by company's management representative and the coordinators shall make an oral or written reply to the complainants within 15 working days.

**4.6** Where there are discrimination incidents by the company executives (including by security guards), once verified, they will be subject to the disciplinary punishment by the company.

**4.7** All members of the company, outside personnel, and social groups can conduct supervision or complaints of the company's behavior. The company actively cooperates with the supervision and inspection of the Labor Administrative Department.

## **5, reference file**

**5.1** "Labor Law of the People's Republic of China"

## **6, related records**

**6.1** Employee complaint letters

## **Taiwan Region**

Abide by the regulations of Employment Service Act , Act of Gender Equality in Employment and so on relevant laws and regulations, and in work rules prescribed " The employment conditions of all level employees of the company depend on the knowledge, moral character, ability, experience, suitable for the job or work .". During the employment period, the company is also in compliance with the laws and regulations and work rules, equal treatment to every employee, and established Sexual Harassment Prevention Measures to ensure gender equality and non-discrimination.

If employees suppose there are human rights issues in the workplace need to be proposed, on specific facts, complain to the employee relations department, if the issues involving sexual harassment, will be according to the procedures that are under the premise of the protection of the parties to launch the review.

## **China Region**

**Commit the employees free from harassment and discrimination**

- Company in determining the recruitment, hiring, promotion and training, shall not have discrimination due to race, color, age, gender, sexual orientation, disability, pregnancy, religion, political affiliation, community members or marital status. Whether manifest or latent management behaviors depend on employees' work ability, will, performance and so on as the standards, above possible discrimination factors shall not be the standards or part of the standards.

**Respect employees' willingness to work overtime and freedom of actions**

- Prohibit requiring employees to pay a deposit or deposit any important documents, such as academic qualification certificate, degree certificate, ID card and so on at the beginning or during the employment.
- All employed workers must be voluntary, not allowed to have any force, or the use of deception to induce workers to work in the company.
- In the rest time or rest time after meal, anybody shall not interfere employees' the freedom of action. The relevant departments shall formulate the rules and procedures of employees leaving the job in working time (including use toilets and drinking water) to protect employees' freedom of action.
- When needs to work overtime, employees can choose not to work overtime, anybody cannot force employees to work overtime. When employees choose not to work overtime, anybody cannot discriminate, threaten, intimidate, insult them, nor deduct the employees' normal salary.
- The security guards are responsible for maintaining the normal production order for the factory, protecting plant and property safety also the safety of employees, cannot to abuse nor to assault workers, cannot to forced search nor limit the freedom of workers. When there are emergencies, the security guards shall immediately notify the local police station.
- The various executives are responsible for work supporting, education, distribution and evaluation. When executives exercise those duties shall not use any corporal punishment, such as restrictions on action, assault, abuse, hunger, and threats and so on inhuman means.
- Any punitive measures shall not include any form of fines. When there are personal punishment records, the announcement does not reflect the information of personal identity.

## **2. Topic-specific disclosures**

**406-1 Incidents of discrimination and corrective actions taken : nil**

## **GRI 407 : Freedom of Association and Collective Bargaining**

### **1. Management approach disclosures**

In Taiwan Region, the hiring employees are subject to the legal provisions of Labor Standards Act, the Labor Pension Act, Labor Insurance Act and National Health Insurance Act, etc..

In China Region, the hiring employees are subject to the legal provisions of Law of the People's Republic of China on Employment Contracts, Regulation on the Implementation of the Employment Contract Law of the People's Republic of China, etc..

The human rights provisions of the above legal provisions all be strictly followed by Voltronic Power.

### **2. Topic-specific disclosures**

**407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk : nil**

## **GRI 408 : Child Labor**

### **1. Management approach disclosures**

#### **No child labor and the protection of young workers**

In the social responsibility system of Voltronic Power, formulates the related administrative measures for the recruitment of employees, prohibition of recruiting child labor policy and remedial program, protection management procedures for young workers, and the management program of suppliers social responsibility message management.

In order to strengthen the enterprise internal audit system, also formulates social responsibility risk assessment, considers the child labor and young workers as medium and high risks to be control, and accept the reviews by customers regarding to labor, health and safety, environment, business ethics and management system and so on issues, positively eliminates and prevents possible risks.

#### **In 2015 , 2016 and 2017 the number of child labor in each factory is nil**

#### **Prohibition of recruiting child labor policy and remedial program**

##### **1, the purpose of**

Child labor is a minor under 16 years old. In order to ensure that the company does not employ child labor, and also to provide remedial measures when mistaking to employ child labor.

##### **2, procedures**

2.1 Management department formulates the company employment provisions to prohibit the employment of child labor who is under 16 years old.

2.2 When human resources division conducts recruitment must be in accordance with the requirements of the " Check age policies and procedures", checks the applicants' personal information, check whether their age is over 16 years old, and then check the ID cards, verify their actual age, and observes their actual appearance, identity whether they are consistent with the age and appearance showed in the ID cards.

2.3 Carefully check the true or false of the ID cards, to prevent the use of false ID cards, and may require the applicants to provide other documents, such as: unmarried certificate, birth certificate, degree certificate, etc...

2.4 Without ID cards will not be hired.

### **3, remedial measures**

If afterwards discover that mistake to employ child labor due to the documents, shall immediately notify the human resources division director, and fill in "The child labors and young workers registration form", and need to take the following remedial measures.

**3.1 The management department shall report to the Labor Department, and shall be certificated by the Labor Department.**

**3.2 Shall be in accordance with the opinions of the Labor Department to make the following arrangements:**

**3.2.1 If the child labor shall be sent back to the original place of residence, the company shall be responsible for the repatriation expenditure.**

**3.2.2 Management department shall advise the child labors to go to school, arrange the child labors to accept education, and make the following support :**

- . Assist the child labors to search school.**
- . Give monthly assistances to the child labors that are not lower than the minimum salary, until they are 16 years old.**
- . During the school periods, the total hours of daily traffic time, school and working hours cannot more than 10 hours.**

**3.3 The management department shall be according to the process of "Recruitment programs and protection policies for young workers " to do the good job of the child health check and school education log records.**

### **4, feedback and control**

Employees who discover that the factories employ child labors or mistake to employ child labors but doesn't provide remedies for the matters, can be through the suggestion box / written or oral form, stepwise or leapfrog to reflect or complaint to management department manager, or company deputy general manager also general manager level and above who are.

### **5, support files**

**5.1 "The child labors and young workers registration form"**

### **6, relevant laws and regulations**

**"Provisions on the prohibition of hiring child labors"**

- To prohibit the recruitment or use of child labor, as the highest guiding principle of Voltronic Power's people-oriented and protection of human rights policies, not only to meet the local laws and regulations, more be responsible**



for customers and so on stakeholders.

- When recruiting employees, human resources division and labor suppliers need strictly in accordance with the provisions of the company's recruitment brochure and the labor dispatch administration measures, to identify the applicants' identity and age in a legitimate and reasonable way.
- Each year, the company will conduct internal audits and supplier audits, focusing on child labor provisions review to ensure that the recruitment and production process of non-child labor. In 2015 , 2016 and 2017 the number of young worker in each factory is nil

#### **Management program for the protection of young workers**

##### **1, the purpose of**

In order to protect the rights and interests, safety, health and education of on-the-job young workers.

##### **2, scope**

Adapt to all the company's young workers.

##### **3, definition**

Young workers : The Labor Law of the People's Republic of China stipulates that the labors who are between 16 and 18 years old.

##### **4, program**

**4.1** When human resources division conducts recruitment must identify the applicants' ID cards, check the applicant's ID cards whether are true or false.

**4.2** Human resources division must non-scheduled check whether there are young workers. Once found that there are young workers, shall take the following actions to ensure the safety of the young workers.

**4.21** If the company found the young workers who haven't completed the nine-year compulsory education, shall sent them to the nearby school to complete their studies, and control the total hours of daily traffic time (between company and school), school and working hours cannot more than 10 hours. The company must pay the tuition fees according to local standard until finishing the nine-year compulsory education.

**4.22** The young workers management shall be in accordance with the relevant laws and regulations to implement the registration management system. The recruit of young workers needs to handle the relevant procedures to the local Labor Department, and in accordance with the relevant provisions to arrange suitable jobs and working time.

- 4.23 It shall be forbidden to arrange for young workers to engage in labor in a dangerous, unsafe or unhealthy working environment. The young workers cannot be the electricians or security guards, cannot to operate all kinds of dangerous machinery, and cannot to engage in the work which must use chemicals or may cause allergies, to ensure that young workers do not work in a hazardous environment.
- 4.24 It shall be forbidden to arrange for young workers to engage in labor in night, toxic, harmful, high temperature, low temperature, involving physical Labor of the fourth (4th) degree of intensity as specified by the nation or any other kind of labor to be avoided by young workers.
- 4.25 It shall be forbidden to arrange for young workers to engage in labor that contact with the radioactive materials, or engage in inflammable or explosive dangerous operations.
- 4.26 In accordance with the provisions, regularly (semiannually) conduct the detailed health check for young workers. The health check for young workers will be conducted in accordance with the listed projects about young workers health check list. The health check and registration of the young works shall be handled by the company and bear the relevant expenses.
- 4.27 Each department shall in accordance with the health check results of young workers to arrange the young workers for suitable work, if who are unable to do the original job shall reduce the original labor or arrange other work, shall not arrange the young workers to work overtime.

**5, support files**

- 5.1 "Labor Law of the People's Republic of China"
- 5.2 "Compulsory Education Law of the People's Republic of China"
- 5.3 "Special Protection Provisions for Juvenile Workers"

**6, related records**

- 6.1 employee ID card copy
- 6.2 employee registration form

**Voltronic Power completely avoids hiring young workers.**

## **2. Topic-specific disclosures**

**408-1 Operations and suppliers at significant risk for incidents of child labor : nil**



## **GRI 409 : Forced or Compulsory Labor**

### **1. Management approach disclosures**

#### **Prohibition of Forced or Compulsory Labor**

##### **1.0 Objective**

**Protect the free rights of employees and avoid infringement of their personality, and earnestly observe the requirements of labor laws and regulations.**

##### **2.0 Scope**

**Applicable to all departments of the company, all process from recruitment to termination of the labor contract with employee.**

##### **3.0 Definition**

**Forced or Compulsory Labor : Refers to that in the recruitment or use of workers violates labor laws or regulations. Forced or compulsory use of labor under the condition that the labor does not wish to do so.**

##### **4.0 Control program**

**4.1 The company has made corresponding commitments in the following directions:**

**4.1.1 The employee's recruitment principle of the company is based on voluntariness, and does not use forced, guaranteed, contractual or involuntary employees.**

**4.1.2 In the recruitment process, the company does not collect any form of introduction fees, deposits, etc., and does not detain employee's identification, documents or other statutory documents.**

**4.1.3 Does not employ prisoners in prison and does not send product orders to prison.**

**4.1.4 The company pays the wages of the employees monthly, on time and in full, and pays the wages directly to the employees themselves ;**

**4.1.5 In working time, the workshops and the channels not locked, and ensure that employees work overtime in the voluntary principle. Management personnel and security are not allowed to use corporal punishment, threats, violence etc. to force employees working overtime.**

**4.1.6 Employees are free to move in and out of the factory and dormitory after their personal or illness leave. Outside of the working hours,**

employees also are free to move in and out of the dormitory in the situation that does not affect the rest of other employees.

**4.1.7 The employee may apply for resignation in advance according to the time agreed by both parties in the labor contract.**

**4.2 Punishment against the use of forced or compulsory labor :**

**4.2.1 If the personnel department to receive any form of deposits or introduction fees, or to withhold any kind of certificates, once discovered will be dealt with demotion or/and downgrade.**

**4.2.2 The all level factory management personnel, if is found that using corporal punishment, threats, violence etc. to force employees to work or make similar illegal requests in work or life, the corresponding management personnel will be conducted notification penalties. Causing damage to the spirit of the employees, management personnel must apologize to the victims. If the consequences are serious the will be sent to the Police Department to deal.**

**4.3 Complaint program for employees that are subjected to forced labor :**

**4.3.1 If employees have been subjected to forced labor at work or in life by factory management personnel (including security personnel), through the Company Opinion Box or Factory Director Box, complaint to the Labor Dispute Mediation Committee of the company and to seek the solutions, or directly reflect to the factory leaders in verbal to seek solutions.**

**4.3.2 If the above measures are not handled correctly and satisfactorily, employees may report directly to the Local Labor Department.**

## **2. Topic-specific disclosures**

**409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor : nil**

## **GRI 410 : Security Practices**

### **1. Management approach disclosures**

In Taiwan Region, the offices are leased from the industrial district buildings, the security systems were appointed by the building management committees.

In China Region, in accordance with the provisions of Contract Law of the People's Republic of China, Labor Law of the People's Republic of China, Regulation on the Administration of Security and Guarding Services and so on relevant laws and regulations, signed the "Civil defense service contract" with "Shenzhen Security Service Company". By the "Shenzhen Security Service Company" to provide security services, and ask "Shenzhen Security Service Company" should continue to strengthen the security team training and management, to ensure the quality of security services.

### **2. Topic-specific disclosures**

#### **410-1 Security personnel trained in human rights policies or procedures**

As stated in the management approach.

## **411 : Rights of Indigenous Peoples**

### **1. Management approach disclosures**

Voltronic Power as a member of the world corporate citizenship, abides by the applicable law and international standard to hire workers and employees in all operation regions. The recruitment of employees is according to ability orientation. For employment, training, reward, promotion, termination, retirement and other employment conditions, does not discriminate due to race, color, religion, nationality, age, gender, sexuality, age or other legal protection.

### **2. Topic-specific disclosures**

**411-1 Incidents of violations involving rights of indigenous peoples** : nil

## **GRI 412 : Human Rights Assessment**

### **1. Management approach disclosures**

#### **System and Process of Employee Suggestion also Complaint**

##### **1.0 Objective**

For the objective of safeguarding the legitimate rights and interests of employees, ensuring effective communication between staff and the management of the company, discovering and dealing with all kinds of hidden problems, building a harmonious, stable and united labor employment relationship, enhancing the cohesion and creativity of enterprises, so to establish this system and process.

##### **2.0 Scope of application**

2.1 、 The system and process apply to all employees in the company.

2.2 、 The management of the complaint system and procedures includes the anonymous suggestion and real name complaint. Employees must be targeted and choose reasonable ways. The real name complaint requires the complainant to fill out the Employee Complaint Letter, so that it can be processed and filed in time.

##### **3.0 Definition**

3.1 、 The channels for employee suggestions or complaints include :

3.1.1 Employee Opinion Box : Using for who propose policy advices or advices on unfair phenomena etc., but do not expect to get direct answers to them, belong to anonymous suggestions. Such as dormitory environment, workshop discipline, work clothes and so on.

3.1.1.1 The information in Employee Opinion Box belongs to anonymous suggestion; the human resources department will regularly open the Opinion Box (open once every two weeks). Reasonable and can be solved suggestions will be solved in time, and post the solved opinions on the bulletin board.

3.1.2 Employee Complaint ( real name complaint ) : The suggestions or complaints which are closely related to self-interests and expect to



receive reply to them belong to real name complaints. Such as personal salaries, holidays, individuals considered unfair treatment, etc. The suggestions or complaints which urgent need for immediate settlement, using the real name complaint channel.

### **3.2 Complaint principle**

- 3.2.1 The complainant shall according to the facts to make complaints in accordance with the provisions of this system and process and there must be no deceit.**
- 3.2.2 The complaint receivers shall seriously treat the complaint in the principle of confidentiality, and ensure the legitimate interests of the employees are not infringed.**
- 3.2.3 The complaint information should be filled out by the complainant himself and the proxy complaint is invalid.**
- 3.2.4 The complainant shall comply with the appeals process. Leapfrog complaints are not allowed to enable the receivers to understand the facts and to make correct judgments in time.**
- 3.2.5 Whether anonymous suggestions or real complaints, require the use of plain and simple language in order to narrate the facts clearly; do not use more vocabulary, to avoid the receivers make wrong judgments.**
- 3.2.6 、 Never allow the malicious complaints or false complaints which using the anonymous suggestion or real complaint channels in order to fight or retaliate other employees. Otherwise, it will be dealt with severely according to the penalties ordinance in Chapter fifth of the Employee Handbook.**

### **3.3 Scope of complaint**

**Scope of complaint events shall be occurring or existing within the company, which related to work or company employees, regulations, equipment and environment etc., including but not limited to the following situations:**

- 3.3.1 Any objection to the implementation of the company's policies or the results of its implementation; including safety regulations, work**

environment, quality policy, safety protection, performance evaluation, labor contract, remuneration, logistical support, welfare benefits etc..

**3.3.2 Be treated unfairly by superiors or colleagues. ;**

**3.3.3 Complaints or reports the violations of company policies or regulations ;**

**3.3.4 Any other matters where the complainant has evidence to prove that his rights or interests have been infringed .**

**3.3.5 Acts that violate corporate social responsibility, such as sexual harassment, racial or religious discrimination, etc.**

#### **4.0 Responsibility**

**4.1 To establish Complaint Handling Committee of the company, composing of the complainant's immediate supervisor, the Department Manager, the Human Resources Manager and the Vice General Manager.**

**4.1.1 、 The above complaint receivers may answer the complaint events within the scope of the authorization and, if the complainant accepts the reply, the complaint may be brought to end. If the complaint receivers cannot answer the complaint, it may be dealt with according to the complaint handling procedure of the sixth article of this system.**

**4.1.2 、 If the complaint is referred directly to the human resources department. The human resources department will be responsible for investigation, evidence collection, preliminary treatment advice, participation in research, feedback, comments etc..**

**4.1.3 、 In principle, the complainant shall lodge complaint in accordance with the system and process. However, if the respondent is the complainant's direct supervisor or department manager, may lodge directly to the human resources department.**

**4.2 、 The limitation of complaint is 10 working days.**

**If the complaint is overdue due to force majeure, the complainant shall declare to the Complaint Handling Committee for an extension of the time limit for complaint, but the extension shall not exceed 10 working days.**

- 4.3 When the complainant lodges the complaint, shall fill out the Employee Complaint Letter (appendix) provided by the human resources department to describe the relevant matters.**
- 4.4 The complaint receiver shall keep a good record of the Employee Complaint Letter, and after the record has been completed, shall request the signature of the complainant to confirm it.**
- 4.5 During the process of waiting for the complaint, the complainant shall strictly abide by the relevant rules and regulations of the company, ensure the normal working conditions, and shall not disseminate any negative comments or information which has no relation to the work.**

## **5.0 Work program**

- 5.1 The complainant shall, within 10 working days from the date of the complaint occurrence, claim the Employee Complaint Letter from human resources department, and fill it out as soon as possible to the complaint receiver, that is, the direct supervisor.**
- 5.2 The complaint receiver shall, after receiving the Employee Complaint Letter, make detailed analysis of whether the complaint is in conformity with the complaint scope of the system. If it does not meet the requirements, the complaint receiver shall notify the complainant to terminate the complaint and indicate it in the Employee Complaint Letter.**

**If the complaint meets the requirements, the complaint receiver shall immediately notify the complainant whether can answer the complaint matter in detail and truthfully. If cannot answer the complaint matter, the complaint receiver shall clearly notify the complainant, and indicate in the Employee Complaint Letter that shall be answered by further level of the Complaint Work Program.**
- 5.3 Both the Line Manager and the Department Manager of the complainant can directly investigate and process the complaint, and the complainant may terminate the complaint if he is satisfied with the result of the processing. If the complainant is not satisfied with the result of the treatment, he may continue to lodge a complaint to the human resources**

department. The human resources department is responsible for the investigation, evidence collection and feedback of the relevant complaints.

**5.4 Involving multi departments complaint, the human resources department should uniformly coordinate, the receivers of various departments should work together to complete it. If the complainant is not satisfied with the results, can continue to file the complaint to human resources department manager. Any complaint handling officer shall make investigations, collect evidences and draw the final conclusion within 10 working days.**

**5.5 If the complainant is still not satisfied with the results proposed by the human resource manager, can re-appeal complaint within 10 working days since the date when knows the complaint conclusion day. Within 10 working days, no further appeal is made, which means that the complainant accepts the conclusion.**

When the re-appeal complaint is made, the vice general manager will be responsible for leading the complaint investigation, the members of the Complaint Handling Committee shall actively discuss, the results shall be the final conclusion of the company. The complainant shall abide by the final conclusion and shall not lodge the complaint again.

**5.6 The complaint which involving crosses departments, should take active discussions by the relevant departments' accepting personals and settle after reaching a consensus, but shall not exceed deadline of the acceptance periods.**

**5.7 complaint reply**

The complaint handling result shall be recorded as three copies of the employee complaint letter (appendix), one copy submitted to the complainant, one copy filed to complainant's personnel files, and one copy collected and saved by the department of human resources employee relation.

**5.8 complaint disciplines and confidentiality requirements**

**5.8.1 Throughout the complaint process, the relevant personnel should be strictly confidential. In case of leak, it will be dealt with in accordance**

with the relevant terms of the employee handbook.

5.8.2 If the complainant to be taken revenge, will give serious treatment.

**5.9 complaint event tracking**

After the conclusion of the complaint, the department of human resources is responsible for tracking, monitoring and filing.

**6.0 record**

nil

**7.0 related files**

nil

**8.0 appendix**

**8.1 Employee Complaint Letter**

**2. Topic-specific disclosures**

**412-1 Operations that have been subject to human rights reviews or impact assessments : nil**

**412-2 Employee training on human rights policies or procedures**

As stated in the management approach.

**412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human : nil**

## **GRI 414 : Supplier Social Assessment**

### **1. Management approach disclosures**

In order to reflect the care of employees, to fulfill the social responsibility, and to promote the development of enterprises more best, Voltronic Power actively promote the suppliers to comply with International Human Rights Law, International Labor Standards , SA8000 ( Social Accountability 8000 International standard ) , OHSAS 18001(Occupational Health and Safety Assessment Series 18001) and so on international standard contents, require suppliers to actively promote:

- Do not hire child labor who is under 16 years old, to pay attention to the hired young worker who is 16-18 years old. Do not accept any supplier which having incident of child labor who is under 16 years old, and require suppliers to pay attention to the hired young worker who is 16-18 years old.
- Respect for the freedom of the employees to work, and prohibit any form of forced or compulsory labor. Do not accept any supplier which having incident of forced or compulsory labor.
- Allow employees to exercise freedom of speech and freedom of association. Require the suppliers to allow their employees can exercise freedom of speech and freedom of association.
- Abide by the labor laws and regulations to hire employees, to pay employee salary, to maintain or relieve the employment relationship. Require the suppliers to comply with the labor laws and regulations to hire employees, to pay employee salary, to maintain or relieve the employment relationship.
- Abide by the policy of non-discrimination, to eliminate inequality in the work (to provide equal and fair environment, prohibit any form of discrimination; Respect for the staff's basic human rights to prohibit any form of insulting personality behavior). Require the suppliers to comply with the policy of non-discrimination, to eliminate inequality in the work.
- Provide safe and healthy working conditions, to ensure the safety and health of the employees, and actively to create a good working and living environment for the employees. Require the suppliers actively to create a good working and living environment for their employees.
- To reasonably arrange the production plans, to reasonably arrange the working hours and rest time also leave days for employees, and to implement the safety

production system. Require the suppliers to implement the safety production system.

- Other matters must abide by relevant laws and regulations requirements. Require the suppliers' other matters must abide by relevant laws and regulations requirements.

## **2. Topic-specific disclosures**

### **414-1 New suppliers that were screened using social criteria**

In 2015 , 2016 and 2017 the percentage of new suppliers that were screened using human rights criteria was 28 /74, =37.83%, 35 /72 =48.61% and 45 /77 =70.13%

### **414-2 Negative social impacts in the supply chain and actions taken : nil**

## **GRI 415 : Public Policy**

### **1. Management approach disclosures**

Voltronic Power with the ideas of environmental protection, harmonious symbiosis and ethic management to implement "corporate governance" and "enterprise sustainable development". In response to the government also global concerns issues such as environmental protection, ecology, energy, etc., to propose climate change information policies and carbon reduction policies.

Follow the government regulations to adopt the “Ethical Corporate Management Best Practice Principles for Voltronic Power Technology Corp.” which specify that when engaging in commercial activities, directors, supervisors, managers, employees, and mandatories of the business group or persons having substantial control over the business group as substantial controllers shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

### **2. Topic-specific disclosures**

**415-1 Political contributions : nil**



## **GRI 416 : Customer Health and Safety**

### **1. Management approach disclosures**

Voltronic Power's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, Voltronic Power offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (automatic voltage regulator), PV inverter. There has no any health issue be applicable to the related products. Upon security issues, handling according to the safety standard acts of the Nation where the entrusting design or/and manufacturing projects customers located, and the possible customers' specific safety codes. Up to now, there hasn't happened any incident of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle.

To manufacture the products that will not cause any health issues and meet the safety standard acts of the Nation where the entrusting design or/and manufacturing projects customers located, is also Voltronic Power's highest guiding principle.

### **2. Topic-specific disclosures**

#### **416-1 Assessment of the health and safety impacts of product and service categories**

As stated in the management approach.

#### **416-2 Incidents of non-compliance concerning the health and safety impacts of products and services : nil**

## **GRI 417 : Marketing and Labeling**

### **1. Management approach disclosures**

Voltronic Power's primary business is the production and sales of UPS (Uninterruptible Power System). Additionally, Voltronic Power offers professional ODM design and manufacturing of power converters (also known as inverter), AVR (automatic voltage regulator), PV inverter. Therefore, the design or/and manufacturing of products shall be according to the requirements of the customers, all health and safety information, labeling according to the health and safety standard acts of the Nation where the entrusting design or/and manufacturing projects customers located, and the possible customers' specific health and safety codes.

Up to now, there hasn't happened any incident of non-compliance with regulations and voluntary codes concerning product and service information and labeling.

### **2. Topic-specific disclosures**

#### **417-1 Requirements for product and service information and labeling**

|  | YES | NO |
|--|-----|----|
| The sourcing of components of the product or service   | V   |    |
| Content, particularly with regard to substances that might produce an environmental or social impact | V   |    |
| Safe use of the product or service   | V   |    |
| Disposal of the product and environmental/social impacts   | V   |    |
| Other (explain)  |     |    |

**417-2 Incidents of non-compliance concerning product and service information and labeling : nil**

**417-3 Incidents of non-compliance concerning marketing communications : nil**

## **GRI 418 : Customer Privacy**

### **1. Management approach disclosures**

#### **Confidential information protection**

All confidential information of the company or the customers shall be kept confidential. Voltronic Power requires employees to sign the "Secret Declaration " :

**1, During the employment period, the signatory shall not violate any of the following acts without written consent:**

- (a) To invest or operate in the same or similar to the company's business in the name of self or another people. The another people refer to including but not limited to who have relatives or friends relationship with the signatory.**
- (b) To serve as employee, trustee, undertaker, consultant and so on for other companies or entities that operate in the same or similar business to the company.**

**2, Except the advance written authorization by the company, the following information and other confidential information that be created or learned by the signatory during the employment period, agrees to maintain as the top secret, doesn't tell or deliver to any third party :**

- (a) About the company's business activities that are unknown by the company's current or future competitors.**
- (b) The information that is exclusively belonging to the company, customers or suppliers of the company.**

**3, In this declaration that confidential information refers the data or information directly or indirectly subject to receiving, contact, design or development by the signatory because of using the company's equipment or resources during the employment period, regardless of whether in writing, also regardless of whether applying for patent or copyrights. For example:**

- (a) The information of production methods and data, communication, purchasing, financial, employees, customers, suppliers, and other relevant information related to the company business activities and models, and so on.**
- (b) Computer programs and all related documents.**
- (c) Discovery, concept and idea, such as : the characteristics, results, procedures, formulas, invention & innovation of the research and development plans, and the equipment, knowledge, technology, specialized technology, design,**

composition and instructions of the computer and related system design etc..

(d) Any other matters or information related to the business or other activities of the company, and such information cannot be free or easy to know by the persons who are generally engaged in similar business or activities.

(e) All ideas derived from the contact or learn to the above information or data.

4, Without the written authorization by the signatory's former employer, the signatory performs the duty behaviors in the company, shall not quote or use any confidential information which is exclusively belonging to the former employer. And the signatory guarantee that doesn't disclose any third parties' confidential information to the company nor instigates the company to use the confidential information. If the reference or use will infringe upon the business secret of the former employer, must inform the company with written in advance, together to discuss the decision with the company, in order to avoid damaging the rights and interests of the former employer and the company.

5, Ownership of rights:

(a) The signatory consents that immediately to inform and transfer to the company of all the obtaining or creating design, copyright, discovery, formula, process, manufacturing technology, business secrets, invention, improvement, ideas and other works with the potential of copyright protection that related to perform the position duty during the period of employment. And agrees except the salary provided by the company, not because above informing or transferring to require the company to pay any additional fees or payments.

(b) The above various kinds of rights, regardless whether doing in general working time, also regardless whether using the company's equipment, facilities, or company business secret income, shall be applicable in the preceding paragraph.

### **Customer Privacy**

Protection of customer privacy is a generally recognized goal in national regulations and organizational policies. If breach customer privacy, in addition to direct financial consequences such as penalties and fines, non-compliance poses a risk to reputation and customer loyalty and satisfaction. For Voltronic Power, the total number of substantiated complaints regarding breaches of customer privacy and losses of customer data is nil.

## **2. Topic-specific disclosures**

**418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data : nil**

## **GRI 419 : Socioeconomic Compliance**

### **1. Management approach disclosures**

In the operations, Voltronic Power always is according to the domestic and foreign related laws and regulations, and pays attention to the impacts of business regulations of upgrading or amendment, to ensure that Voltronic Power can strictly fulfill the regulations compliance obligations in order to reduce the risk of direct finance loss or/and indirect loss of goodwill. On the positive side, looking forward to Voltronic Power that can reach the goal of operating capacity expansion by the way of regulations compliance.

Voltronic Power in business operation, strictly comply with relevant laws and regulations (including international declarations, conventions and treaties, and national, sub-national, regional, and local regulations concerning the provision and use of the organization's products and services), the monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services is nil.

### **2. Topic-specific disclosures**

**419-1 Non-compliance with laws and regulations in the social and economic area :**  
nil